

Presidential Decree No. 705, s. 1975

Signed on May 19, 1975 (<https://www.officialgazette.gov.ph/1975/05/19/presidential-decree-no-705-s-1975/>).

PRESIDENTIAL DECREE NO. 705

REVISING PRESIDENTIAL DECREE NO. 389, OTHERWISE KNOWN AS THE FORESTRY REFORM CODE OF THE PHILIPPINES

WHEREAS, proper classification, management and utilization of the lands of the public domain to maximize their productivity to meet the demands of our increasing population is urgently needed;

WHEREAS, to achieve the above purpose, it is necessary to reassess the multiple uses of forest lands and resources before allowing any utilization thereof to optimize the benefits that can be derived therefrom;

WHEREAS, it is also imperative to place emphasis not only on the utilization thereof but more so on the protection, rehabilitation and development of forest lands, in order to ensure the continuity of their productive condition;

WHEREAS, the present laws and regulations governing forest lands are not responsive enough to support re-oriented government programs, projects and efforts on the proper classification and delimitation of the lands of the public domain, and the management, utilization, protection, rehabilitation, and development of forest lands;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby revise Presidential Decree No. 389 to read as follows:

SECTION 1. Title of this Code. – This decree shall be known as the “Revised Forestry Code of the Philippines.”

SECTION 2. Policies. – The State hereby adopts the following policies:

- a) The multiple uses of forest lands shall be oriented to the development and progress requirements of the country, the advancement of science and technology, and the public welfare;
- b) Land classification and survey shall be systematized and hastened;
- c) The establishment of wood-processing plants shall be encouraged and rationalized; and
- d) The protection, development and rehabilitation of forest lands shall be emphasized so as to ensure their continuity in productive condition.

SECTION 3. Definitions. –

- a) Public forest is the mass of lands of the public domain which has not been the subject of the present system of classification for the determination of which lands are needed for forest purposes and which are not.
- b) Permanent forest or forest reserves refers to those lands of the public domain which have been the subject of the present system of classification and declared as not needed for forest purposes.
- c) Alienable and disposable lands refer to those lands of the public domain which have been the subject of the present system of classification and declared as not needed for forest purposes.
- d) Forest lands includes the public forest, the permanent forest or forest reserves, and forest reservations.
- e) Grazing land refers to that portion of the public domain which has been set aside, in view of the suitability of its topography and vegetation, for the raising of livestock.
- f) Mineral lands refer to those lands of the public domain which have been classified as such by the Secretary of Natural Resources in accordance with prescribed and approved criteria, guidelines and procedure.

- g) Forest reservations refer to forest lands which have been reserved by the President of the Philippines for any specific purpose or purposes.
- h) National park refers to a forest land reservation essentially of primitive or wilderness character which has been withdrawn from settlement or occupancy and set aside as such exclusively to preserve the scenery, the natural and historic objects and the wild animals or plants therein, and to provide enjoyment of those features in such a manner as will leave them unimpaired for future generations.
- i) Game refuge or bird sanctuary refers to a forest land designated for the protection of game animals, birds and fish and closed to hunting and fishing in order that the excess population may flow and restock surrounding areas.
- j) Marine park refers to any public offshore area delimited as habitat of rare and unique species of marine flora and fauna.
- k) Seashore park refers to any public shore area delimited for outdoor recreation, sports fishing, water skiing and related healthful activities.
- l) Watershed reservation is a forest land reservation established to protect or improve the conditions of the water yield thereof or reduce sedimentation.
- m) Watershed is a land area drained by a stream or fixed body of water and its tributaries having a common outlet for surface run-off.
- n) Critical watershed is a drainage area of a river system supporting existing and proposed hydro-electric power, irrigation works or domestic water facilities needing immediate protection or rehabilitation.
- o) Mangrove is a term implied to the type of forest occurring on tidal flat along the sea coast, extending along stream where the water is brackish.
- p) Kaingin refers to a portion of the forest land which is subjected to shifting and/or permanent slash-and-burn cultivation.

- q) Forest products means timber, pulpwood, firewood, bark, tree top, resin, gum, wood, oil, honey, beeswax, nipa, rattan, or other forest growth such as grass, shrub, and flowering plant, the associated water, fish, game, scenic, historical, recreational and geologic resources in forest lands.
- r) Dipterocarp forest is a forest dominated by trees of the dipterocarp species, such as red lauan, tanguile, tiaong, white lauan, almon, bagtikan and mayapis of the Philippine mahogany group, apitong and the yakals.
- s) Pine forest as a forest type predominantly of pine trees.
- t) Industrial tree plantation refers to any forest land extensively planted to three crops primarily to supply raw material requirements of existing or proposed wood processing plants and related industries.
- u) Tree farm refers to any small forest land or tract of land purposely planted to tree crops.
- v) Agro-forestry is a sustainable management for land which increases overall production, combines agriculture crops, tree crops and forest plants and/or animals simultaneously or sequentially, and applies management practices which are compatible with the cultural patterns of the local population.
- w) Multiple-use is the harmonized utilization of the land, soil, water, wildlife, recreation value, grass and timber of forest lands.
- x) Selective logging is the systematic removal of the mature, over-mature and defective trees in such manner as to leave adequate number and volume of healthy residual trees of the desired species necessary to assure a future crop of timber, and forest cover for the protection and conservation of soil, water and wildlife.
- y) Seed tree system is a silvicultural system characterized by partial clearcutting leaving seed- trees to regenerate the area.
- z) Healthy residual refers to a sound or slightly injured tree of the commercial species left after logging.

aa) Sustained-yield management implies continuous or periodic production of forest products in a working unit for the purpose of achieving at the earliest practicable time an approximate balance between growth and harvest or use. This is generally applied to the commercial timber resources and is also applicable to the water, grass, wildlife, and other renewable resources of the forest.

bb) Processing plant is any mechanical setup, device, machine or combination of machines used for the conversion of logs and other forest raw materials into lumber, veneer, plywood, fiberboard, blockboard, paper board, pulp, paper or other finished wood products.

cc) Lease is a privilege granted by the State to a person to occupy and possess, in consideration of specified rental, any forest land of the public domain in order to undertake any authorized activity therein.

dd) License is a privilege granted by the State to a person to utilize forest resources within any forest land, without any right of occupation and possession over the same, to the exclusion of others, or establish and operate a wood-processing plant, or conduct any activity involving the utilization of any forest resources.

ee) License agreement is a privilege granted by the State to a person to utilize forest resources within any forest land with the right of possession and occupation thereof to the exclusion of others, except the government, but with the corresponding obligation to develop, protect and rehabilitate the same in accordance with the terms and conditions set forth in said agreement.

ff) Permit is short-term privilege or authority granted by the State to a person to utilize any limited forest resources or undertake a limited activity within any forest land without any right of occupation and possession therein.

gg) Annual allowable cut is the volume of materials, whether of wood or other forest products, that is authorized to be cut yearly from a forest.

hh) Cutting cycle is the number of years between two major harvests in the same working unit and/or region.

ii) Forest ecosystem refers to the living and non-living components of a forest and their interaction.

jj) Silviculture is the establishment, development, reproduction and care of forest trees.

kk) Rationalization is the organization of a business or industry using management principles, systems and procedures to attain stability, efficiency and profitability of operation.

ll) Forest officer means any official or employee of the Bureau who has been appointed or delegated by law or by competent authority to execute, implement or enforce the provisions of this Code, other related laws, as well as their implementing regulations.

mm) Private right means or refers to titled rights of ownership under existing laws, and in the case of national minority to rights of possession existing at the time a license is granted under this Code, which possession may include places of abode and worship, burial grounds, and old clearings, but exclude productive forest inclusive of logged-over areas, commercial forests and established plantations of the forest trees and trees of economic values.

nn) Person includes natural as well as juridical person.

CHAPTER I

Organization and Jurisdiction of the Bureau

SECTION 4. Creation of, and Merger of all Forestry Agencies into, the Bureau of Forest Development.

– For the purpose of implementing the provisions of this Code, the Bureau of Forestry, the Reforestation Administration, the Southern Cebu Reforestation Development Project, and the Parks and Wildlife Office, including applicable appropriations, records, equipment, property and such personnel as may be necessary, are hereby merged into a single agency to be known as the Bureau of Forest Development, hereinafter referred to as the Bureau.

SECTION 5. Jurisdiction of Bureau. – The Bureau shall have jurisdiction and authority over all forest land, grazing lands, and all forest reservations including watershed reservations presently administered by other government agencies or instrumentalities.

It shall be responsible for the protection, development, management, regeneration, and reforestation of forest lands; the regulation and supervision of the operation of licensees, lessees and permittees for the taking or use of forest products therefrom or the occupancy or use thereof; the implementation of multiple use and sustained yield management in forest lands; the protection, development and preservation of national parks, marine parks, game refuges and wildlife; the implementation of measures and programs to prevent kaingin and managed occupancy of forest and

grazing lands; in collaboration with other bureaus, the effective, efficient and economic classification of lands of the public domain; and the enforcement of forestry, reforestation, parks, game and wildlife laws, rules, and regulations.

The Bureau shall regulate the establishment and operation of sawmills, veneer and plywood mills and other wood processing plants and conduct studies of domestic and world markets of forest products.

SECTION 6. Director and Assistant Director and their Qualifications. – The Bureau shall be headed by a Director, who shall be assisted by one or more Assistant Directors. The Director and Assistant Directors shall be appointed by the President.

No person shall be appointed Director or Assistant Director of the Bureau unless he is a natural born citizen of the Philippines, at least 30 years of age, a holder of at least a Bachelor's Degree in Forestry or its equivalent, and a registered forester.

SECTION 7. Supervision and Control. – The Bureau shall be directly under the control and supervision of the Secretary of the Department of Natural Resources, hereinafter referred to as the Department Head.

SECTION 8. Review. – All actions and decisions of the Director are subject to review, motu proprio or upon appeal of any person aggrieved thereby, by the Department Head whose decision shall be final and executory after the lapse of thirty (30) days from receipt by the aggrieved party of said decision, unless appealed to the President in accordance with the Executive Order No. 19, series of 1966. The Decision of the Department Head may not be reviewed by the courts except through a special civil action for certiorari or prohibition.

SECTION 9. Rules and Regulations. – The Department Head, upon the recommendation of the Director of Forest Development, shall promulgate the rules and regulations necessary to implement effectively the provisions of this Code.

SECTION 10. Creation of Functional Divisions, and Regional and District Offices. – All positions in the merged agencies are considered vacant. Present occupants may be appointed in accordance with a staffing pattern or plan of organization to be prepared by the Director and approved by the

Department Head. Any appointee who fails to report for duty in accordance with the approved plan within thirty (30) days upon receipt of notification shall be deemed to have declined the appointment, in which case the position may be filed by any other qualified applicant.

For the efficient and effective implementation of the program of the Bureau, the following divisions and sections are hereby created, to wit:

Divisions	Sections
Planning and Evaluation Division	Program Planning; Performance Evaluation; Forest Economics; Management Analysis Data and Information.
Administrative Division	Personnel; Budget; Accounting; Information; General Services.
Legal Division	
Reforestation and Afforestation Division	Cooperative Planting; Planting Stock Production; Plantation Management.
Timber Management Division	Forest Surveys, Data and Mapping; Sulviculture; Timber Inventory and Photo-Interpretation; Timber Management Plans; Land Classification.
Utilization Division	Timber Operations; Land Uses; Utilization.
Forest Protection and Infrastructure	Forest Protection; Forest Occupancy Management; Watershed Management; Infrastructure.

Parks, Range and Wildlife Division	Parks Management; Recreation Management; Wildlife Management; Range Management.
Security and Intelligence Division	
Forest Development Training Center	Technical Training; Non-Technical Training.

The Department Head may, upon recommendation of the Director, reorganize or create such other divisions, sections or units as may be deemed necessary and to appoint the personnel thereto: Provided, That an employee appointed or designated as officer-in-charge of a newly created division, section or unit, or to an existing vacant position with a higher salary, shall receive, from the date of such appointment or designation until he is replaced or reverted to his original position, the salary corresponding to the position temporarily held by him.

There shall be created at least eleven regional offices. In each region, there shall be as many forest districts as may be necessary, in accordance with the extent of forest area, established work loads, need for forest protection, fire prevention and other factors, the provisions of any law to the contrary notwithstanding: Provided, That the boundaries of such districts shall follow, whenever possible, natural boundaries of watersheds under the river-basin concept of management.

SECTION 11. Manpower and Policy Development. – The Bureau shall establish and operate an in-service training center for the purpose of upgrading and training its personnel and new employees.

The Bureau shall also set aside adequate funds to enable personnel to obtain specialized education and training in local or foreign colleges or institutions.

There shall be established in the College of Forestry, University of the Philippines at Los Baños, in coordination with the Department of Natural Resources and the wood industry, a Forestry Development Center which shall conduct basic policy researches in forestry and develop or help develop an effective machinery for forestry policy formulation and implementation. To help defray the cost of operating said Center, it is authorized to receive assistance from the wood industry and other sources.

SECTION 12. Performance Evaluation. – The Bureau shall devise a system, to be approved by the Department Head, to evaluate the performance of its employees. The system shall measure accomplishment in quantity and quality of performance as related to the funded program of work assigned to each organizational unit. There shall be included a system of periodic inspection of district offices by the regional offices and the regional and district offices by the Central Office in both functional fields and in the overall assessment of how each administrative unit has implemented the laws, regulations, policies, programs, and practices relevant to such unit. The evaluation system shall provide the information necessary for annual progress reports and determination of employee training, civil service awards and transfer or disciplinary action.

CHAPTER II

Classification and Survey

SECTION 13. System of Land Classification. – The Department Head shall study, devise, determine and prescribe the criteria, guidelines and methods for the proper and accurate classification and survey of all lands of the public domain into agricultural, industrial or commercial, residential, resettlement, mineral, timber or forest, and grazing lands, and into such other classes as now or may hereafter be provided by law, rules and regulations.

In the meantime, the Department Head shall simplify through inter-bureau action the present system of determining which of the unclassified lands of the public domain are needed for forest purposes and declare them as permanent forest to form part of the forest reserves. He shall declare those classified and determined not to be needed for forest purposes as alienable and disposable lands, the administrative jurisdiction and management of which shall be transferred to the Bureau of Lands: Provided, That mangrove and other swamps not needed for shore protection and suitable for fishpond purposes shall be released to, and be placed under the administrative jurisdiction and management of, the Bureau of Fisheries and Aquatic Resources. Those still to be classified under the Present system shall continue to remain as part of the public forest.

SECTION 14. Existing Pasture Leases in Forest Lands. – Forest lands which are not reservations and which are the subject of pasture leases shall be classified as grazing lands and areas covered by pasture permits shall remain forest lands until otherwise classified under the criteria, guidelines and methods of classification to be prescribed by the Department Head: Provided, That the administration, management and disposition of grazing lands shall remain under the Bureau.

SECTION 15. Topography. – No land of the public domain eighteen per cent (18%) in slope or over shall be classified as alienable and disposable, nor any forest land fifty per cent (50%) in slope or over, as grazing land.

Lands eighteen per cent (18%) in slope or over which have already been declared as alienable and disposable shall be reverted to the classification of forest lands by the Department Head, to form part of the forest reserves, unless they are already covered by existing titles or approved public land application, or actually occupied openly, continuously, adversely and publicly for a period of not less than thirty (30) years as of the effectivity of this Code, where the occupant is qualified for a free patent under the Public Land Act: Provided, That said lands, which are not yet part of a well-established communities, shall be kept in a vegetative condition sufficient to prevent erosion and adverse effects on the lowlands and streams: Provided, Further, That when public interest so requires, steps shall be taken to expropriate, cancel defective titles, reject public land application, or eject occupants thereof.

SECTION 16. Areas Needed for Forest Purposes. – The following lands, even if they are below eighteen per cent (18%) in slope, are needed for forest purposes, and may not, therefore, be classified as alienable and disposable land, to wit:

- 1) Areas less than 250 hectares which are far from, or are not contiguous with, any certified alienable and disposable land;
- 2) Isolated patches of forest of at least five (5) hectares with rocky terrain, or which protect a spring for communal use;
- 3) Areas which have already been reforested;
- 4) Areas within forest concessions which are timbered or have good residual stocking to support an existing, or approved to be established, wood processing plant;
- 5) Ridge tops and plateaus regardless of size found within, or surrounded wholly or partly by, forest lands where headwaters emanate;
- 6) Appropriately located road-rights-or-way;

- 7) Twenty-meter strips of land along the edge of the normal high waterline of rivers and streams with channels of at least five (5) meters wide;
- 8) Strips of mangrove or swamplands at least twenty (20) meters wide, along shorelines facing oceans, lakes, and other bodies of water, and strips of land at least twenty (20) meters wide facing lakes;
- 9) Areas needed for other purposes, such as national parks, national historical sites, game refuges and wildlife sanctuaries, forest station sites, and others of public interest; and
- 10) Areas previously proclaimed by the President as forest reserves, national parks, game refuge, bird sanctuaries, national shrines, national historic sites:

Provided, That in case an area falling under any of the foregoing categories shall have been titled in favor of any person, steps shall be taken, if public interest so requires, to have said title cancelled or amended, or the titled area expropriated.

SECTION 17. Establishment of boundaries of forest lands. – All boundaries between permanent forests and alienable or disposable lands shall be clearly marked and maintained on the ground, with infrastructure or roads, or concrete monuments at intervals of not more than five hundred (500) meters in accordance with established procedures and standards, or any other visible and practicable signs to insure protection of the forest.

In all cases of boundary conflicts, reference shall be made to the Philippine Coast and Geodetic Survey Topo map.

SECTION 18. Reservations in Forest Lands and Off-Shore Areas. – The President of the Philippines may establish within any lands of the public domain, forest reserve and forest reservation for the national park system, for preservation as critical watersheds, or for any other purpose, and modify boundaries of existing ones. The Department Head may reserve and establish any portion of the public forest or forest reserve as site or experimental forest for use of the Forest Research Institute.

When public interest so requires, any off-shore area needed for the preservation and protection of its educational, scientific, historical, ecological and recreational values including the marine life found therein, shall be established as marine parks.

CHAPTER III

Utilization and Management

SECTION 19. Multiple Use. – The numerous beneficial uses of the timber, land, soil, water, wildlife, grass and recreation or aesthetic value of forest lands and grazing lands shall be evaluated and weighted before allowing their utilization, exploitation, occupation or possession thereof, or the conduct of any activity therein.

Only the utilization, exploitation, occupation or possession of any forest lands and grazing lands, or any activity therein, involving one or more of its resources, which will produce the optimum benefits to the development and progress of the country and the public welfare, without impairment or with the least injury to its resources, shall be allowed.

All forest reservations may be open to development or uses not inconsistent with the principal objectives of the reservation. Provided, That critical watersheds, national parks and established experimental forests shall not be subject to commercial logging or grazing operations, and game refuges, bird sanctuaries, marine and seashore parks shall not be subject to hunting or fishing and other activities of commercial nature.

SECTION 20. License Agreement, License, Lease or Permit. – No person may utilize, exploit, occupy, possess or conduct any activity within any forest and grazing land, or establish, install, add and operate any wood or forest products processing plant, unless he had been authorized to do under a license agreement, license, lease or permit: Provided, That when the national interest so requires, the President may amend, modify, replace, or rescind any contract, concession, permit, license, or any other form of privilege granted herein: Provided, further, That upon the recommendation of the appropriate government agency, the President may, pending the conduct of appropriate hearing, order the summary suspension of any such contract, concession, license, permit, lease or privilege granted under this decree for violation of any of the condition therein such as those pertaining but not limited to reforestation, pollution, environmental protection, export limitation or such condition as are prescribed by the Minister of Natural Resources in daily issued regulations.

SECTION 21. Sustained Yield. – All measures shall be taken to achieve an approximate balance between growth and harvest or use of forest products in forest lands.

A. TIMBER

SECTION 22. Silvicultural and Harvesting System. – In any logging operation in production forests within forest lands, the proper silvicultural and harvesting system that will promote optimum sustained yield shall be practiced, to wit:

a) For dipterocarp forest, selective logging with enrichment or supplemental planting when necessary.

b) For pine mangrove forest, the seed tree system with planting when necessary. Provided, That subject to the approval of the Department Head, upon recommendation of the Director, any silvicultural and harvesting system that may be found suitable as a result of research may be adopted: Provided, further, That no authorized person shall cut, harvest or gather any timber, pulpwood, or other products of logging unless he plants three times of the same variety for every tree cut or destroyed by such logging or removal of logs. Any violation of this provision shall be sufficient ground for the immediate cancellation of the license, agreement, lease or permit.

SECTION 23. Timber Inventory. – The Bureau shall conduct a program of progressive inventories of the harvestable timber and young trees in all forest lands, whether covered by any license agreement, license, lease or permit, or not, until a one hundred per cent (100%) timber inventory thereon has been achieved.

SECTION 24. Required Inventory Prior to Timber Utilization in Forest Lands. - No harvest of timber in any forest land shall be allowed unless it has been the subject of at least a five per cent (5%) timber inventory, or any statistically sound timber estimate, made not earlier than five (5) years prior to the issuance of a license agreement or license allowing such utilization.

SECTION 25. Cutting Cycle. – The Bureau shall apply scientific cutting cycle and rotation in all forest lands, giving particular consideration to the age, volume and kind of healthy residual trees which may be left undisturbed and undamaged for future harvest and forest cover in dipterocarp area, and seed trees and reproduction in pine area.

SECTION 26. Annual Allowable Cut. – The annual allowable cut or harvest of any particular forest land under a license agreement, license, lease or permit shall be determined on the basis of the size of the area, the volume and kind of harvestable timber or, forest products and healthy residuals, seed trees and reproduction found therein, and the established cutting cycle and rotation thereof.

No person shall cut, harvest and gather any particular timber, pulpwood, firewood and other forest products unless he has been authorized under Section 20 hereof to do so and the particular annual allowable cut thereof has been granted.

In the public interest and in accordance with Section 21 hereof, the Department Head shall review all existing annual allowable cut and thereupon shall prescribe the level of annual allowable cut for the common dipterocarp timber, softwood and hardwood timber cutting of which is not prohibited, pulpwood, firewood and other forest products using as bases the factors as well as the updated aerial photographs and field inventories of such forest land: Provided, That pending the completion of such review and appropriate amendment of the annual allowable cut in existing license agreement, license, lease or permit, existing annual allowable cut that not sufficiently supports wood or forest products processing plant or that will support duly approved processing expansion program or new processing projects may be allowed to continue without change: Provided, further, That no additional or adjustment in annual allowable cut shall be made until after such a review has been made.

SECTION 27. Duration of License Agreement or License to Harvest Timber in Forest Lands. – The duration of the privilege to harvest timber in any particular forest land under a license agreement or license shall be fixed and determined in accordance with the annual allowable cut therein, the established cutting cycle thereof, the yield capacity of harvestable timber, and the capacity of healthy residuals for a second growth.

The privilege shall automatically terminate, even before the expiration of the license agreement or license, the moment the harvestable timber have been utilized without leaving any logged-over area capable of commercial utilization.

The maximum period of any privilege to harvest timber is twenty-five (25) years, renewable for a period, not exceeding twenty-five (25) years, necessary to utilize all the remaining commercial quantity or harvestable timber either from the unlogged or logged-over area.

It shall be a condition for the continued privilege to harvest timber under any license or license agreement that the licensee shall reforest all the areas which shall be determined by the Bureau.

SECTION 28. Size of Forest Concessions. – Forest lands shall not be held in perpetuity.

The size of the forest lands which may be the subject of timber utilization shall be limited to that which a person may effectively utilize and develop for a period of fifty (50) years, considering the cutting cycle, the past performance of the applicant and his capacity not only to utilize but, more importantly, to protect and manage the whole area, and the requirements of processing plants existing or to be installed in the region.

Forest concessions which had been the subject of consolidations shall be reviewed and re-evaluated for the effective implementation of protection, reforestation and management thereof under the multiple use and sustained yield concepts, and for the processing locally of the timber resources therefrom.

B. WOOD-PROCESSING

SECTION 29. Incentives to the Wood Industry. – The Department Head, in collaboration with other government agencies and the wood industry associations and other private entities in the country, shall evolve incentives for the establishment of an integrated wood industry in designated wood industry centers and/or economic area.

The President of the Philippines, upon the recommendations of the National Economic Development Authority and the Department Head, may establish wood industry import-export centers in selected locations: Provided, That logs imported for such centers shall be subject to such precaution as may be imposed by the Bureau, in collaboration with proper government agencies, to prevent the introduction of pests, insects and/or diseases detrimental to the forests.

SECTION 30. Rationalization of the Wood or Forest Products Industry. – While the expansion and integration of existing wood or forest products processing plants, as well as the establishment of new processing plants shall be encouraged, their locations and operations shall be regulated in order to rationalize the whole industry.

No expansion or integration of existing processing plant nor establishment of new processing plant shall be allowed unless environmental considerations are taken into account and adequate raw material supply on a sustained-yield basis is assured.

A long-term assurance of raw material source from forest concessions and/or from industrial tree plantations, tree farms or agro-forest farms whose annual allowable cut and/or whose harvest is deemed sufficient to meet the requirement of such processing plant shall govern, among others, the

grant of the privilege to establish, install additional capacity or operate a processing plant.

Henceforth within one year from the date of this law, as a condition to exercise of the privileges granted them under a license agreement, license, lease or permit, wood or forest products processors without forest concessions or areas that may be developed into industrial tree plantations, tree farms or agro-forest farms and licensees, lessees or permittees without processing plants shall jointly adopt any feasible scheme or schemes, other than log supply contract, for the approval of the Department Head: Provided, That no license agreement, license, lease or permit, including processing plant permit, shall be granted or renewed unless said scheme or schemes are submitted to, and approved by, the Department Head.

All processing plants existing, to be expanded, to be integrated or to be established shall obtain operating permits, licenses and/or approval from the Bureau or the Department, as the case may be, and shall submit themselves to other regulations related to their operation.

The Department Head may cancel, suspend, or phaseout all inefficient, wasteful, uneconomical or perennially short in raw material wood or forest products processing plants which are not responsible to the rationalization program of the government.

SECTION 31. Wood Wastes, Weed Trees and Residues. – Timber licensees shall be encouraged and assisted to gather and save the wood wastes and weed trees in their concessions, and those with processing plants, the wood residues thereof, for utilization and conversion into wood by-products and derivatives.

SECTION 32. Log Production and Processing. – Unless otherwise directed by the President, upon recommendation of the Department Head, the entire production of logs by all timber licensees shall, beginning January 1, 1976 be processed locally: Provided, That the following conditions must be complied with by those who apply to be allowed to export a portion of their log production to be determined by the Department Head such that the total log export of these timber licensees shall not exceed twenty-five percent (25%) of the total national allowable cut:

- 1) Timber licensees with existing viable processing plants or
- 2) Timber licensees with processing projects duly approved by the Department Head or

3) Timber licensees who have acquired viable processing machinery and equipment which will be installed and will become operational in accordance with the schedule approved by the Department Head; and

4) Timber licensees whose log expert support or are in line with, government-approved trade agreement:

Provided, further, That no person shall be given a permit to export if he has not complied with the requirements on replanting and reforestation. Provided, That the President may, upon recommendation of the Department Head, whenever the export price of logs falls to unreasonably low level or whenever public interest so requires, cancel log exportation or reduce the maximum allowable proportion for log exports.

All timber licensees who have no processing plant and who have no plan to establish the same shall, jointly with wood processors, adopt a scheme, or schemes for the processing of the log production in accordance with Section 30 hereof.

C. REFORESTATION

SECTION 33. Lands to be Reforested and/or Afforested. – Lands to be reforested and/or afforested are as follows:

1. Public forest lands. –

a) Bare or grass-covered tracts of forest lands;

b) Brushlands or tracts of forest lands generally covered with brush, which need to be developed to increase their productivity;

c) Open tracts of forest lands interspersed with patches of forest;

d) Denuded or inadequately timbered areas proclaimed by the President as forest reserves and reservations as critical watersheds, national parks, game refuge, bird sanctuaries, national shrines, national historic sites;

e) Inadequately-stock forest lands within forest concessions;

f) Portions of areas covered by pasture leases or permits needing immediate reforestation;

g) River banks, easements, road right-of-ways, deltas, swamps, former river beds, and beaches.

2. Private Lands. –

a) Portions of private lands required to be reforested or planted to trees pursuant to Presidential Decree Nos. 953 and 1153 and other existing laws.

SECTION 34. Industrial Tree Plantations, Tree Farms and Agro-forestry Farms. – A lease for a period of fifty (50) years for the establishment of an industrial tree plantations, tree farm or agro-forestry farm, may be granted by the Department Head, upon recommendation of the Director, to any person qualified to develop and exploit natural resources, over timber or forest lands of the public domain categorized in Section 33 (1) hereof except those under paragraphs (d) and (g) with a minimum area of one hundred (100) hectares for industrial tree plantations and agro-forestry farms and ten (10) hectares for tree farms: Provided, That the size of the area that may be granted under each category shall, in each case, depend upon the capability of the lessee to develop or convert the area into productive condition within the term of the lease.

The lease may be granted under such terms and conditions as the Department Head may prescribe, taking into account, among others, the raw material needs of forest based and other industries and the maintenance of a wholesome ecological balance.

Trees and other products raised within the industrial tree plantation, tree farm or agro-forestry farm belong to the lessee who shall have the right to sell, contract, convey, or dispose of said planted trees and other products in any manner he sees fit, in accordance with existing laws, rules and regulations.

Reforestation projects of the Government, or portion thereof, which, upon field evaluation, are found to be more suitable for, or can better be developed as industrial tree plantations, tree farms or agro-forestry farms, in terms of benefits to the Government and the general surrounding area, may be the subject of a lease under this section.

SECTION 35. Priority. – Over any suitable area covered by a timber license agreement or permit, the priority to establish industrial tree plantation, tree farms or agro-forestry farm shall be given to the holder thereof after the Bureau had determined the suitability of such and has set aside the same for the purpose.

The priority herein granted must, however, be availed of within a reasonable period otherwise the area shall be declared open to any qualified person and consequently segregated from the licensee's or permittee's area.

Priority shall also be given to the establishment of communal industries tree plantations by barangays, municipalities or cities and provinces.

SECTION 36. Incentives. – To encourage qualified persons to engage in industrial tree plantation and/or tree farming, the following incentives are granted:

a) Payment of a nominal filing fee of fifty centavos (P0.50) per hectare;

b) No rental shall be collected during the first five (5) years from the date of the lease; from the sixth year to the tenth year, the annual rental shall be fifty centavos (P0.50) per hectare; and thereafter, the annual rental shall be one peso (1.00) per hectare: Provided, That lessees of areas long denuded, as certified by the Director and approved by the Department Head, shall be exempted from the payment of rental for the full term of the lease which shall not exceed twenty-five (25) years; for the first five (5) years following the renewal of the lease, the annual rental shall be fifty centavos (P0.50) per hectare; and thereafter, the annual rental shall be one pesos (1.00) per hectare: Provided, further, That notwithstanding the foregoing, no rental shall be collected from a lessee who, upon verification by the Bureau, substantially meets the schedule of development of the industrial tree plantation, the tree farm, or agro-forestry farm, as the case may be, as prescribed in the Ministry Head, upon recommendation of the Director;

c) The forest charges payable by a lessee on the timber and other forest products grown and cut or gathered in an industrial tree plantation, tree farm, or agro-forestry farm shall only be twenty-five percent (25%) of the regular forest charges prescribed in the National Internal Revenue Code;

d) Exemption from the payment of the percentage tax levied in Title V of the National Internal Revenue Code when the timber and forest products are sold, bartered or exchanged by the lessee, whether in their original state or not, as well as exemption from all forms of sales tax, local and municipal taxes, and from the real property tax under the provisions of Presidential Decree No. 853;

e) A lessee shall not be subject to any obligation prescribed in, or arising out of, the provisions of the National Internal Revenue Code on withholding of tax at source upon interest paid on borrowing incurred for development and operation of the industrial tree plantation, tree farms, or agro-forestry

farm;

f) Except when public interest demands, the boundaries of an area covered by an industrial tree plantation, tree farm, or agro-forestry farm lease, once established on the ground, shall not be altered or modified;

g) Amounts expended by a lessee in the development and operation of an industrial tree plantation, tree farm, or agro-forestry farm prior to the time when the production state is reached, may, at the option of the lessee, be regarded as ordinary and necessary business or as capital expenditures;

h) The Board of Investments shall, notwithstanding its nationality requirement on projects involving natural resources, classify industrial tree plantations, tree farms and agro-forestry farms as pioneer areas of investment under its annual priority plan, to be governed by the rules and regulations of said Board;

In addition to the incentives under this section, private landowners who engage in tree farming on areas fifty hectares or below by planting their lands with Ipil-Ipil and other fast-growing trees shall be exempt from the inventory requirement and other requirements before harvest as provided in this Decree for lessees of forest lands of the public domain: Provided, That the transport of trees cut shall be accompanied by the corresponding certificate of origin duly issued by the authorized forest officer;

i) Approved industrial tree plantations, tree farms, and agro-forestry farms shall be given priority in securing credit assistance from the government and government-supported financing institutions which shall set aside adequate funds for lending to the lessee and/or investor at reasonable interest rates;

j) The lessee and its field employees and workers shall be exempted from the provisions of Presidential Decree No. 1153;

k) Government institutions administering or financing programs and projects requiring wood materials shall specify the purchase of, or utilize, manufactured products derived from trees grown and harvested from industrial tree plantations, tree farms or agro-forestry farms, whenever possible;

l) No wood, wood products or wood-derived products including pulp, paper and paperboard shall be imported if the same are available in required quantities and reasonable prices, as may be certified by the Department Head, from artificial or man-made forests, or local processing plants manufacturing

the same;

m) No proceeding plant of whatever nature or type, made of, or utilizing, wood as primary materials shall be allowed to be established, expanded or integrated, and operated without a long-term assurance or raw materials source from forest concessions and/or from industrial tree plantations, tree farms or agro-forestry farms in accordance with Section 30 hereof;

n) Timber grown and harvested from industrial tree plantations, tree and agro-forestry farms may be exported without restriction in quantity of volume, and if the exported is the same person or firm qualified and allowed to export logs under the provisions of this Decree, such timber from plantations/farms may be exported exclusive of the quantity or volume authorized under Section 32 hereof: Provided, That the rentals on the forest land and the forest charges on the plantation timber shall have been paid: Provided, further, That, the export of the plantation timber shall be covered by a certificate to export issued by the Department Head on a yearly basis: Provided, finally, That the Department Head may at any time review the exportation of timber harvested from the plantations/farms and either reduced or totally suspend the export of such plantation timber whenever public interest so requires; and

o) Free technical advice from government foresters and farm technicians.

The Department Head may provide other incentives in addition to those hereinabove granted to promote industrial tree plantations, tree farms and agro-forestry farms in special areas such as, but not limited to, those where there are no roads or where roads are inadequate, or areas with rough topography and remote areas far from processing plants.

SECTION 37. Protection of all Resources. – All measures shall be taken to protect the forest resources from destruction, impairment and depletion.

SECTION 38. Control of Concession Area. – In order to achieve the effective protection of the forest lands and the resources thereof from illegal entry, unlawful occupation, kaingin, fire, insect infestation, theft, and other forms of forest destruction, the utilization of timber therein shall not be allowed except through license agreements under which the holders thereof shall have the exclusive privilege to cut all the allowable harvestable timber in their respective concessions, and the additional right of occupation, possession, and control over the same, to the exclusive of all others, except the

government, but with the corresponding obligation to adopt all the protection and conservation measures to ensure the continuity of the productive condition of said areas, conformably with multiple use and sustained yield management.

If the holder of a license agreement over a forest area expressly or impliedly waives the privilege to utilize any softwood, hardwood or mangrove species therein, a license may be issued to another person for the harvest thereof without any right of possession or occupation over the areas where they are found, but he shall, likewise, adopt protection and conservation measures consistent with those adopted by the license agreement holder in the said areas.

SECTION 39. Regulation of Timber Utilization in all Other Classes of Lands and of Wood-Processing Plants. – The utilization of timber in alienable and disposable lands, private lands, civil reservations, and all lands containing standing or felled timber, including those under the jurisdiction of other government agencies, and the establishment and operation of saw-mills and other wood-processing plants, shall be regulated in order to prevent them from being used as shelters for excessive and unauthorized harvests in forest lands, and shall not therefore be allowed except through a license agreement, license, lease or permit.

SECTION 40. Timber Inventory in Other Lands Containing Standing or Felled Timber. – The Bureau shall conduct a one hundred per cent (100%) timber inventory in alienable and disposable lands and civil reservations immediately upon classification or reservation thereof.

No harvest of standing or felled timber in alienable and disposable lands, private lands, civil reservations, and all other lands, including those under the jurisdiction of other government agencies, shall be allowed unless a one hundred per cent (100%) timber inventory has been conducted thereon.

SECTION 41. Sworn Timber Inventory Reports. – All reports on timber inventories of forest lands, alienable and disposable lands, private lands, civil reservations, and all lands containing standing or felled timber must be subscribed and sworn to by all the forest officers who conducted the same.

SECTION 42. Participation in the Development of Alienable and Disposable Lands and Civil Reservations. – The privilege to harvest timber in alienable and disposable lands and civil reservations shall be given to those who can best help in the delineation and development of such areas in accordance with the management plan of the appropriate government agency exercising jurisdiction over the same.

The extent of participation shall be based on the amount of timber which may be harvested therefrom.

SECTION 43. Swamplands and Mangrove Forests. – Strips of mangrove forest bordering numerous islands which protect the shoreline, the shoreline roads, and even coastal communities from the destructive force of the sea during high winds and typhoons, shall be maintained and shall not be alienated. Such strips must be kept free from artificial obstruction so that flood water will flow unimpeded to the sea to avoid flooding or inundation of cultivated areas in the upstream.

All mangrove swamps set aside for coast-protection purposes shall not be subject to clear-cutting operation.

Mangrove and other swamps released to the Bureau of Fisheries and Aquatic Resources for fishpond purposes which are not utilized, or which have been abandoned for five (5) years from the date of such release shall revert to the category of forest land.

SECTION 44. Visitorial Power. – The Department Head may, by himself or thru the Director or any qualified person duly designated by the Department Head, investigate, inspect and examine records, books and other documents relating to the operation of any holder of a license agreement, license, lease, or permit, and its subsidiary or affiliated companies, to determine compliance with the terms and conditions thereof, this Code and pertinent laws, policies, rules and regulations.

SECTION 45. Authority of Forest Officers. – When in the performance of their official duties, forest officers, or other government officials or employees duly authorized by the Department Head or Director, shall have free entry into areas covered by a license agreement, license, lease or permit.

Forest officers are authorized to administer oath and take acknowledgment in official matters connected with the functions of their office, and to take testimony in official investigations conducted under the authority of this Code and the implementing rules and regulations.

SECTION 46. Scaling Stations. – In collaboration with appropriate government agencies, the Bureau shall establish control or scaling stations at suitably located outlets of timber and other forest products to insure that they were legally cut or harvested.

SECTION 47. Mining Operations. – Mining operations in forest lands shall be regulated and conducted with due regard to protection, development and utilization of other surface resources.

Location, prospecting, exploration, utilization or exploitation of mineral resources in forest reservations shall be governed by Mining laws, rules and regulations. No location, prospecting, exploration, utilization, or exploitation of mineral resources inside forest concessions shall be allowed unless proper notice has been served upon the licensees thereof and the prior approval of the Director, secured.

Mine tailings and other pollutants affecting the health and safety of the people, water, fish, vegetation, animal life and other surface resources, shall be filtered in silt traps or other filtration devices and only clean exhausts and liquids shall be released therefrom.

Surface-mined areas shall be restored to as near its former natural configuration or as approved by the Director prior to its abandonment by the mining concern.

SECTION 48. Mineral Reservations. – Mineral reservations which are not the subject of mining operations or where mining operations have been suspended for more than five (5) years shall be placed under forest management by the Bureau.

Mineral reservations where mining operations have been terminated due to the exhaustion of its minerals shall revert to the category of forest land, unless otherwise reserved for other purposes.

SECTION 49. Roads and Other Infrastructure. – Roads and other infrastructure in forest lands shall be constructed with the least impairment to the resource values thereof.

Government agencies undertaking the construction of roads, bridges, communications, and other infrastructure and installations inside forest lands, shall coordinate with the Bureau, especially if it will involve the utilization or destruction of timber and/or other forest resources, or watershed disturbance therein, in order to adopt measures to avoid or reduce damage or injury to the forest resource values.

They shall likewise extend assistance in the planning and establishment of roads, wharves, piers, port facilities, and other infrastructure in locations designated as wood-processing centers or for the convenience of wood-based industries.

In order to coincide and conform to government plans, programs, standards, and specifications, holders of license agreements, licenses, leases and permits shall not undertake road or infrastructure construction or installation in forest lands without the prior approval of the Director, or in alienable

and disposable lands, civil reservations and other government lands, without the approval of the government agencies having administrative jurisdiction over the same.

All roads and infrastructure constructed by holders of license agreements, licenses, leases and permits belong to the State and the use and administration thereof shall be transferred to the government immediately upon the expiration or termination thereof. Prior thereto the Bureau may authorize the public use thereof, if it will not be detrimental to forest conservation measures.

Where roads are utilized by more than one commercial forest user, the Bureau shall prescribe the terms and conditions of joint use including the equitable sharing of construction and/or maintenance costs, and of the use of these roads by other parties and the collection of such fees as may be deemed necessary.

SECTION 50. Logging Roads. – There shall be indiscriminate construction of logging roads.

Such roads shall be strategically located and their widths regulated so as to minimize clear-cutting, unnecessary damage or injury to healthy residuals, and erosion. Their construction must not only serve the transportation need of the logger but, most importantly, the requirement to save as many healthy residuals as possible during cutting and hauling operations.

SECTION 51. Management of Occupancy in Forest Lands. – Forest occupancy shall henceforth be managed. The Bureau shall study, determine and define which lands may be the subject of occupancy and prescribed therein, an agro-forestry development program.

Occupants shall undertake measures to prevent and protect forest resources.

Any occupancy in forest land which will result in sedimentation, erosion, reduction in water yield and impairment of other resources to the detriment of community and public interest shall not be allowed.

In areas above 50% in slope, occupation shall be conditioned upon the planting of desirable trees thereon and/or adoption of other conservation measures.

SECTION 52. Census of Kaingineros, Squatters, Cultural Minorities and other Occupants and Residents in Forest Lands. – Henceforth, no person shall enter into forest lands and cultivate the same without lease or permit.

A complete census of kaingineros, squatters, cultural minorities and other occupants and residents in forest lands with or without authority or permits from the government, showing the extent of their respective occupation and resulting damage, or impairment of forest resources, shall be conducted.

The Bureau may call upon other agencies of the government and holders of license agreement, license, lease and permits over forest lands to participate in the census.

SECTION 53. Criminal Prosecution. – Kaingineros, squatters, cultural minorities and other occupants who entered into forest lands and grazing lands before May 19, 1975, without permit or authority, shall not be prosecuted: Provided, That they do not increase their clearings: Provided, further, That they undertake, within two (2) months from notice thereof, the activities to be imposed upon them by the Bureau in accordance with management plan calculated to conserve and protect forest resources in the area: Provided, finally, That kaingineros, squatters, cultural minorities and other occupants shall whenever the best land use of the area so demands as determined by the Director, be ejected and relocated to the nearest accessible government resettlement area.

E. SPECIAL USES

SECTION 54. Pasture in Forest Lands. – No forest land 50% in slope or over may be utilized for pasture purposes.

Forest lands which are being utilized for pasture shall be maintained with sufficient grass cover to protect soil, water and other forest resources.

If grass cover is insufficient, the same shall be supplemented with trees or such vegetative cover as may be deemed necessary.

The size of forest lands that may be allowed for pasture and other special uses shall be determined by rules and regulations, any provision of law to the contrary notwithstanding.

SECTION 55. Wildlife. – All measures shall be adopted to conserve wildlife. The Director shall regulate the hunting of wildlife in forest lands in order to maintain an ecological balance of flora and fauna.

SECTION 56. Recreation. – The Bureau shall, in the preparation of multiple-use management plans, identify and provide for the protection of scenic areas in all forest lands which are potentially valuable for recreation and tourism, and plan for the development and protection of such areas to attract visitors thereto and meet increasing demands therefor.

The construction and operation of necessary facilities to accommodate outdoor recreation shall be done by the Bureau with the use of funds derived from rentals and fees for the operation and use of recreational facilities by private persons or operators, in addition to whatever funds may be appropriated for such purposes.

SECTION 57. Other Special Uses of Forest Lands. – Forest lands may be leased for a period not exceeding twenty-five (25) years, renewable upon the expiration thereof for a similar period, or held under permit, for the establishment of sawmills, lumber yards, timber depots, logging camps, rights-of-way, or for the construction of sanatoria, bathing establishments, camps, salt works, or other beneficial purposes which do not in any way impair the forest resources therein.

F. QUALIFICATIONS

SECTION 58. Diffusion of Benefits. – The privilege to utilize, exploit, occupy, or possess forest lands, or to conduct any activity therein, or to establish and operate wood-processing plants, shall be diffused to as many qualified and deserving applicants as possible.

SECTION 59. Citizenship. – In the evaluation of applications of corporations, increased Filipino equity and participation beyond the 60% constitutional limitation shall be encouraged. All other factors being equal, the applicant with more Filipino equity and participation shall be preferred.

SECTION 60. Financial and Technical Capability. – No license agreement, license, lease or permit over forest lands shall be issued to an applicant unless he proves satisfactorily that he has the financial resources and technical capability not only to minimize utilization, but also to practice forest protection, conservation and development measures to insure the perpetuation of said forest in productive condition.

SECTION 61. Transfers. – Unless authorized by the Department Head, no licensee, lessee, or permittee may transfer, exchange, sell or convey his license agreement, license, lease or permit, or any of his rights or interests therein, or any of his assets used in connection therewith.

The licensee, lessee or permittee shall be allowed to transfer or convey his license agreement, license, lease or permit only if the license, lease or permit has been in existence for at least three (3) years; the licensee, lessee or permittee has not violated any forestry law, rule or regulation and has been faithfully complying with the terms and conditions of the license agreement, license, lease or permit; the transferee has all the qualifications and none of the disqualifications to hold a license agreement, license, lease or permit; there is no evidence that such transfer or conveyance is being made for purposes of speculation; and the transferee shall assume all the obligations of the transferor.

As used in this section, the term "assets" shall not include cattle and other livestock or animals raised in grazing lands and forest lands, and planted trees and other products raised in industrial tree plantations, tree farms and agro-forestry farms.

SECTION 62. Service Contracts. – The Department Head, may in the national interest, allow forest products licensees, lessees, or permittees to enter into service contracts for financial, technical, management, or other forms of assistance, in consideration of a fee, with any foreign person or entity for the exploration, development, exploitation or utilization of the forest resources, covered by their license agreements, licenses, leases or permits. Existing valid and binding service contracts for financial, technical, management or other forms of assistance are hereby recognized as such.

SECTION 63. Equity Sharing. – Every corporation holding a license agreement, license, lease or permit to utilize, exploit, occupy or possess any forest land, or conduct any activity therein, or establish and operate a wood-processing plant, shall within one (1) year after the effectivity of this amendatory Decree, formulate and submit to the Department Head for approval a plan for the sale of at least ten percent (10%) of its subscribed capital stock in favor of employees, laborers and the general public.

The plan shall be so implemented that the sale of the shares of stocks shall be effected by the corporation not later than the sixth year of its operation, or the first year of effectivity of the amendatory Decree, if the corporation has been in operation for more than five (5) years prior to such effectivity.

No corporation shall be issued any license agreement, license, lease or permit after the effectivity of this amendatory Decree, unless it submits such a plan and the same is approved for implementation within the sixth year of its operation.

The Department Head shall promulgate the necessary rules and regulations to carry out the provisions of this section, particularly on the determination of the manner of payment, factors affecting the selling price, establishment of priorities in the purchase of the shares of stock, and the preparation of a fund to ensure the financial capability of the deserving employees and laborers. The industries concerned shall extend all assistance in the promulgation of policies on the matter, such as the submission of all data and information relative to their operation, personnel management and asset evaluation.

G. REGULATORY FEES

SECTION 64. Charges, Fees and Bonds. – The Department Head, upon recommendation of the Director, shall fix the amount of charges, rentals, bonds and fees for the different kinds of utilization, exploitation, occupation, possession, or activity inside forest lands, the filing and processing of applications therefor, the issuance and renewal of license agreements, licenses, leases and permits, and for other services; Provided, That all fees and charges presently being collected under existing laws and regulations shall continue to be imposed and collected until otherwise provided; Provided, Further, That timber taken and removed from private lands for commercial purposes shall be exempt from the payment of forest charges.

SECTION 65. Authority of Department Head to Impose Other Fees. – In addition to the fees and charges imposed under existing laws, rules and regulations, the Department Head is hereby authorized, upon recommendation of the Director and in consultation with representatives of the industries affected, to impose other fees for forest protection, management, reforestation, and development, the proceeds of which shall accrue into a special deposit of the Bureau as its revolving fund for the aforementioned purposes.

SECTION 66. Collection and Disbursement. – The collection of the charges and fees above-mentioned shall be the responsibility of the Director or his authorized representative. The Director shall remit his monthly collection of fees and charges mentioned in Section 64 to the Treasurer of the Philippines within the first ten (10) days of the succeeding month; Provided, That the proceeds of the collection of the fees imposed under Section 65 and the special deposit heretofore required of licensees shall be constituted into a revolving fund for such purposes and be deposited in the Philippine National Bank, as a special deposit of the Bureau. The Budget Commissioner and the

National Treasurer shall effect the quarterly releases out of the collection accruing to the general fund upon request of the Director on the basis of a consolidated annual budget of a work program approved by the Department Head and the President.

In the case of the special deposit revolving fund, withdrawals therefrom shall be effected by the Department Head on the basis of a consolidated annual budget prepared by the Director of a work program for the specific purposes mentioned in Section 65.

SECTION 67. Basis of Assessment. – Tree measurement shall be the basis for assessing government charges and other fees on timber cut and removed from forest lands, alienable or disposable lands, and the civil reservations; Provided, That until such time as the mechanics of tree measurement shall have been developed and promulgated in rules and regulations, the present scaling method provided for in the National Internal Revenue Code shall be used.

The Director may, with the approval of the Department Head, prescribe a new method of assessment of forest products and collection of charges thereon based upon the result of production cost and market studies undertaken by the Bureau; Provided, That such charges shall not be lower than those now imposed.

H. UTILIZATION AND MANAGEMENT

SECTION 68. Measuring of Forest Products and Invoicing and Collection of Charges Thereon. – The duties incident to the measuring of forest products shall be discharged by the Forest Management Bureau under regulations of the Department of Environment and Natural Resources. The invoicing and collection of the charges thereon shall be done by the Forest Management Bureau under regulations approved by the Secretary of Environment and Natural Resources.

SECTION 69. Mode of Measuring Timber. – except as hereinbelow provided, all timber shall be measured and manifested in the round or squared, before being sawn or manufactured. The volume of all round timber shall be ascertained by multiplying the area of the small end by the length of the log, the diameter of the log to be measured exclusive of the bark; but if the end of a log is irregular the average diameter shall be used; and in order to ascertain the volume of a log more than eight meters long, the diameter of the middle of said log, or the average of the diameters at both ends thereof shall be used as basis. If a log in the round cut under license, is measured and manifested by forest

officers, the Director of the Forest Management Bureau in this respect, an appeal shall lie to his Department head, whose decision shall be final. The manifest of timber cut by licensees operating sawmills in or near the forest shall be attested by forest officers whenever practicable.

The volume of squared timber shall be ascertained by multiplying the average of the cross section measured by the length, to which forty per centum shall be added for loss in squaring: Provided, however, that if squared timber cut under license is measured and manifested by forest officers, the Director of the Forest Management Bureau shall make due allowance for rot, cavities, or other natural defects; but from any decision of the Director of the Forest Management Bureau in this respect, an appeal shall lie to his Ministry Head, whose decision shall be final. The privilege of manifesting timber after squaring shall however, be granted only to licensees who have squared their logs in the forests with the ax and intend to take it to the market in this form.

If sawn or otherwise manufactured timber is found which has not been manifested in accordance with the provisions hereof, the corresponding forest charges shall be assessed on twice the volume of the actual contents of such sawn or manufactured timber.

SECTION 70. Charges on Timber Cut in Forestland. – There shall be collected charges on each cubic meter of timber cut in forestland, whether belonging to the first, second, third or fourth group, twenty-five percent (25%) of the actual FOB market price based on species and grading: Provided, however, That, in the case of pulpwood and matchwood cut in forestland, forest charges on each cubic meter shall be ten percent (10%) of the actual FOB market price.

SECTION 71. Charges on Firewood, Branches and Other Recoverable Wood Wastes of Timber. – Except for all mangrove species whose cutting shall be banned, there shall be collected forest charges on each cubic meter of firewood cut in forestland, branches and other recoverable wood wastes of timber, such as timber ends, tops and stumps, when used as raw materials for the manufacture of finished products, Ten pesos (P10.00).

Only third or fourth group wood can be taken for firewood. However, if jointly authorized by the Secretaries of both the Departments of Environment and Natural Resources, and Agriculture, first and second group woods may be removed for firewood purposes from land which is more valuable for agricultural than for forest purposes.

SECTION 72. Charges on Minor Forest Products. – All other forest products of forestland which are not covered by the preceding sections shall be exempt from any of all forest charges, except rattan, gums and resins, beeswax, guta-percha, almaciga resin and bamboo which shall be charged at ten percent (10%) of the actual FOB market price.

SECTION 73. Effectivity and Application of Forest Charges and Determination of Market Price of Forest Products. – The rates of forest charges provided for in Sections 70, 71 and 72 hereof shall be effective upon approval of this Act. The new rates shall be published in the Official Gazette or in two (2) newspapers of national circulation and shall also be posted in conspicuous places in the different Department of Environment and Natural Resources field offices.

The actual FOB market price of forest products shall be justly determined once a year by the Secretary of Environment and Natural Resources: Provided, That he shall cause the creation of a committee to be composed of representatives of the Department of Environment and Natural Resources, the National Economic and Development Authority, the Department of Trade and Industry, the Bureau of Internal Revenue and the wood and furniture industry and consumers sectors which shall formulate the criteria and/or guidelines in the determination of the actual FOB market price to be used as the basis for the assessment of the ad valorem tax, taking into consideration production cost (developing cost, contingencies and miscellaneous cost), species and grade of timber, government share, reforestation, tariff duties, taxes, risk involved and a reasonable margin of profit for domestic and export market prices for wood and wood products.

These forest charges shall be applied to naturally growing timber and forest products gathered within public forestlands, alienable and disposable lands and private lands. Forest charges collected shall be in lieu of the administrative charge on environment and other fees and charges imposed thereon: Provided, That planted trees and other forest products harvested from industrial tree plantations and private lands covered by existing tiller or by approved land application are exempted from payment of forest charges.

SECTION 74. Tax Exemptions of Forest Products Lawfully Removed under Gratuitous License. – No charges shall be collected on forest products removed in conformity with the terms of a gratuitous license of the Forest Management Bureau and in compliance with the law and the regulations of such Bureau.

SECTION 75. Tax Exemption of Trees and Products Removed from Public Lands Under a Tree Farm Lease. – No charges shall be collected on trees and products removed from public lands planted to ipil-ipil and/or falcata under a tree farm lease with the Government.

SECTION 76. Time, Manner and Place of Payment of Forest Charges. – The charges on forest products herein imposed shall be payable at the time of the removal from or utilization of the same within the concession area.

Before removing any forest product subject to forest charges, the person liable to the said tax shall file, in duplicate, a return setting forth the quantity, volume and the specie of the forest product to be removed and pay the forest charges due thereon to the revenue district officer, collection agent, or duly authorized treasurer of the municipality of the place where the timber concession is located or where the forest products were gathered and removed, except as hereinbelow provided.

With the approval of the Director, lumber may be removed from a sawmill situated on a licensed citing area upon the giving of a bond conditioned upon the monthly payment of the charges due on the output of such mill. He may also authorize the shipment of forest products under auxiliary invoices without the prepayment of charges in special cases where the prepayment of the charges at the point of origin would result in undue hardship, if the owner or concessionaire shall first file a bond with the Forest Management Bureau in the form and amount and with such sureties as the Director may require, conditioned upon the payment of the forest charges at the point of destination or at such time and place as the Director may direct. However, if any forest products are removed, the Director of the Forest Management Bureau or his duly authorized representatives shall first be notified of such removal on a form prescribed for the purpose to be filed with the revenue district officer of the place where the concession is located or where the forest products were gathered and removed. It shall be the duty of every licensee to make a true and complete return in duplicate setting forth the quantity, volume and the specie of the forest product removed during each calendar quarter, or the balance, if any, in cases where payment are made upon removal, and pay the taxes due thereon within twenty days after the end of each quarter to the revenue district officer, collection agent, or duly authorized treasurer of the municipality of the place where the timber concession is located or where the forest products were gathered and removed.

In case the taxes are not paid within the period prescribed above, there shall be added thereto a surcharge of twenty-five per centum, the increment to be a part of the tax and the entire unpaid amount shall be subject to interest at the rate of twenty per centum per annum. Where a false or

fraudulent return is made, there shall be added to the taxes a surcharge of fifty per centum of their amount, and the entire unpaid amount shall be subject to interest at the rate of twenty per centum per annum. The amounts so added shall be collected in the same manner and as part of the taxes, as the case may be.

CHAPTER IV

Criminal Offenses and Penalties

SECTION 77. Cutting, Gathering and/or collecting Timber, or Other Forest Products Without License. – Any person who shall cut, gather, collect, removed timber or other forest products from any forest land, or timber from alienable or disposable public land, or from private land, without any authority, or possess timber or other forest products without the legal documents as required under existing forest laws and regulations, shall be punished with the penalties imposed under Articles 309 and 310 of the Revised Penal Code: Provided, That in the case of partnerships, associations, or corporations, the officers who ordered the cutting, gathering, collection or possession shall be liable, and if such officers are aliens, they shall, in addition to the penalty, be deported without further proceedings on the part of the Commission on Immigration and Deportation.

The court shall further order the confiscation in favor of the government of the timber or any forest products cut, gathered, collected, removed, or possessed as well as the machinery, equipment, implements and tools illegally used in the area where the timber or forest products are found.

SECTION 77-A. Administrative Authority of the Department Head or His Duly Authorized Representative to Order Confiscation. – In all cases of violations of this Code or other forest laws, rules and regulations, the Department Head or his duly authorized representative, may order the confiscation of any forest products illegally cut, gathered, removed, or possessed or abandoned, and all conveyances used either by land, water or air in the commission of the offense and to dispose of the same in accordance with pertinent laws, regulations or policies on the matter.

SECTION 77-B. Rewards to Informants. – Any person who shall provide any information leading to the apprehension and conviction of any offender for any violation of this Code or other forest laws, rules and regulations, or confiscation of forest products shall be given a reward in the amount of twenty per centum (20%) of the proceeds of the confiscated forest products.

SECTION 78. Unlawful Occupation or Destruction of Forest Lands and Grazing Lands. – Any person who enters and occupies or possesses, or makes kaingin for his own private use or for others, any forest land or grazing land without authority under a license agreement, lease, license or permit, or in any manner destroys such forest land or grazing land or part thereof, or causes any damage to the timber stand and other products and forest growth found therein, or who assists, aids or abets any other person to do so, or sets a fire, or negligently permits a fire to be set in any forest land or grazing land, or refuses to vacate the area when ordered to do so, pursuant to the provisions of Section 53 hereof shall, upon conviction, be fined in an amount of not less than five hundred pesos (P500.00), nor more than twenty thousand pesos (P20,000.00) and imprisoned for not less than six (6) months nor more than two (2) years for each such offense, and be liable to the payment to ten (10) times the rental fees and other charges which would have accrued had the occupational and use of the land been authorized under a license agreement, lease, license or permit: Provided, That in the case of an offender found guilty of making kaingin, the penalty shall be imprisonment for not less than two (2) nor more than four (4) years and a fine equal to eight (8) times the regular forest charges due on the forest products destroyed, without prejudice to the payment of the full cost of production of the occupied area as determined by the Bureau: Provided, further, That the maximum of the penalty prescribed herein shall be imposed upon the offender who repeats the same offense and who commits the same offense and double the maximum of the penalty upon the offender who commits the same offense for the third time.

In all cases the Court shall further order the eviction of the offender from the land and the forfeiture to the government of all improvements made and all vehicles, domestic animals and equipment of any kind used in the commission of the offense. If not suitable for use by the Bureau, said vehicles, domestic animals, equipment and improvements shall be sold at public auction, the proceeds of which shall accrue to the Development Fund of the Bureau.

In case the offender is a government official or employee, he shall, in addition to the above penalties be deemed automatically dismissed from office and permanently disqualified from holding any elective or appointive position.

SECTION 79. Pasturing Livestock. – Imprisonment for not less than six (6) months nor more than two (2) years and a fine equal to ten (10) times the regular rentals due, in addition to the confiscation of such livestock and all improvement introduced in the area in favor of the government, shall be imposed upon any person, who shall, without authority under a lease or permit, graze or cause to

graze livestock in forest lands, grazing lands and alienable and disposable lands which have not as yet been disposed of in accordance with the Public Land Act; Provided, That in case the offender is a corporation, partnership or association, the officers and directors thereof shall be liable.

SECTION 80. Illegal Occupation of National Parks System and Recreation Areas and Vandalism – Therein. Any person who, shall, without permit, occupy for any length of time any portion of the national parks system or shall, in any manner cut, destroy, damage or remove timber or any species of vegetation or forest cover and other natural resources found therein, or shall mutilate, deface or destroy objects of natural beauty or of scenic value within areas in the national parks system, shall be fined not less than five hundred (P500.00) pesos or more than twenty thousand (P20,000.00) pesos exclusive of the value of the thing damaged. Provided, That if the area requires rehabilitation or restoration as determined by the Director, the offender shall also be required to restore or compensate or the restoration of the damage: Provided, further, That any person who, without proper permit shall hurt, capture or kill any kind of bird, fish or wild animal life within the area in the national parks system shall be subject to the same penalty. Provided, finally, That the Court shall order eviction of the offender from the land and the forfeiture in favor of the government of all timber or any species or vegetation and other natural resources collected or removed, and any construction or improvement made thereon by the offender. If the offender is an association or corporation, the president or manager shall be directly responsible and liable for the act of his employees or laborers.

In the event that an official or employee of a city or municipal government is primarily responsible for detecting and convicting the violator of the provisions of this section, fifty per centum (50%) of the fine collected shall accrue to such municipality or city for the development of local parks.

SECTION 81. Destruction of Wildlife Resources. – Any person violating the provisions of Section 55 of this Code, or the regulations promulgated thereunder, shall be fined not less than one hundred (P100.00) pesos for each such violation and in addition shall be denied a permit for a period of three (3) years from the date of the violation.

SECTION 82. Survey by Unauthorized Person. – Imprisonment for not less than two (2) nor more than four (4) years, in addition to the confiscation of the implements used in the violation of this section including the cancellation of the license, if any, shall be imposed upon any person who shall, without permit to survey from the Director, enter any forest lands, whether covered by a license agreement, lease, license, or permit, or not, and conduct or undertake a survey for whatever purpose.

SECTION 83. Misclassification and Survey by Government Official or Employee. – Any public officer or employee who knowingly surveys, classifies, or recommends the release of forest lands as alienable and disposable lands contrary to the criteria and standards established in this Code, or the rules and regulations promulgated hereunder, shall, after an appropriate administrative proceeding, be dismissed from the service with prejudice to re-employment, and upon conviction by a court of competent jurisdiction, suffer an imprisonment of not less than one (1) year and a fine of not less than one thousand, (P1,000.00) pesos. The survey, classification or release of forest lands shall be null and void.

SECTION 84. Tax Declaration on Real Property. – Imprisonment for a period of not less than two (2) nor more than four (4) years and perpetual disqualification from holding an elective or appointive office, shall be imposed upon any public officer or employee who shall issue a tax declaration on real property without a certification from the Director of Forest Development and the Director of Lands or their duly designated representatives that the area declared for taxation is alienable and disposable lands, unless the property is titled or has been occupied and possessed by members of the national cultural minorities prior to July 4, 1955.

SECTION 85. Coercion and Influence. – Any person who coerces, influences, abets or persuades the public officer or employee referred to in Sections 74 and 75 commit any of the acts mentioned therein shall suffer imprisonment of not less than one (1) year and pay a fine of five hundred (P500.00) pesos for every hectare or a fraction thereof so improperly surveyed, classified or released.

In all other cases, any person who coerces, influences, abets or persuades the public officer or employee by using power and influence in deciding any pending case or matter in his favor shall be punished by a fine of not more than five thousand pesos (P5,000.00) and imprisonment of not less than one (1) year.

SECTION 86. Unlawful Possession of Implements and Devices Used by Forest Officers. – Imprisonment for a period of not less than (2) nor more than four (4) years and a fine of not less than one thousand pesos (P1,000.00), nor more than ten thousand (P10,000.00) pesos in addition to the confiscation of such implements and devices, and the automatic cancellation of the license agreement, lease, license or permit, if the offender is a holder thereof, shall be imposed upon any person who shall, without authority from the Director or his authorized representative, make, manufacture, or has in his possession any government marking, hatchet or other marking implement, or any marker, poster, or other devices officially used by officers of the Bureau for the marking or

identification of timber or other products, or any duplicate, counterfeit, or imitation thereof, or make or apply a government mark on timber or any other forest products by means of any authentic or counterfeit device, or alter, deface, or remove government marks or signs, from trees, logs, stumps, firewoods or other forest products, or destroy, deface, remove or disfigure any such mark, sign, poster or warning notices set by the Bureau to designate the boundaries of cutting areas, municipal or city forest or pasture, classified timber land, forest reserve, and areas under the national park system or to make any false mark or imitation of any mark or sign herein indicated; Provided, That if the offender is a corporation, partnership or association, the officers and directors thereof shall be liable.

SECTION 87. Payment, Collection and Remittance of Forest Charges. – Any person who fails to pay the amount due and payable under the provisions of this Code, the National Internal Revenue Code, or the rules and regulations promulgated thereunder, shall be liable to the payment of a surcharge of twenty-five per centum (25%) of the amount due and payable.

Any person who fails or refuses to remit to the proper authorities said forest charges collectible pursuant to the provisions of this Code or the National Internal Revenue Code, or who delays, obstructs or prevents the same, or who orders, causes or effects the transfer or diversion of the funds for purposes other than those specified in this Code, for each such offense shall, upon conviction, be punished by a fine of not exceeding one hundred thousand pesos (P100,000.00) and/or imprisonment for a period of not exceeding six (6) years in the discretion of the Court. If the offender is a government official or employee, he shall, in addition, be dismissed from the service with prejudice to reinstatement and with disqualification from holding any elective or appointive office.

If the offender is a corporation, partnership or association, the officers and directors thereof shall be liable.

SECTION 88. Sale of Wood Products. – No person shall sell or offer for sale any log, lumber, plywood or other manufactured wood products in the international or domestic market unless he complies with grading rules and established or to be established by the Government.

Failure to adhere to the established grading rules and standards, or any act of falsification of the volume of logs, lumber, or other forest products shall be a sufficient cause for the suspension of the export, sawmill, or other license or permit authorizing the manufacture or sale of such products for a period of not less than two (2) years.

A duly accredited representative of the Bureau shall certify to the compliance by the licensees with grading rules.

Every dealer in lumber and other building material covered by this Code shall issue an invoice for each sale of such material and such invoice shall state that the kind, standard and size of material sold to each purchaser in exactly the same as described in the invoice. Any violation of this Section shall be sufficient ground for the suspension of the dealer's license for a period of not less than two (2) years and, in addition thereto, the dealer shall be punished for each such offense by a fine of not less than two hundred pesos (P200.00) or the total value of the invoice, whichever is greater.

SECTION 89. Arrest: Institution of Criminal Actions. – A forest officer or employee of the Bureau or any personnel of the Philippine Constabulary/Integrated National Police shall arrest even without warrant any person who has committed or is committing in his presence any of the offenses defined in this Chapter. He shall also seize and confiscate, in favor of the Government, the tools and equipment used in committing the offense, and the forest products cut, gathered or taken by the offender in the process of committing the offense. The arresting forest officer or employee shall thereafter deliver within six (6) hours from the time of arrest and seizure, the offender and the confiscated forest products, tools and equipment and file the proper complaint with, the appropriate official designated by law to conduct preliminary investigation and file information in Court.

If the arrest and seizure are made in the forest, far from the authorities designated by law to conduct preliminary investigations, the delivery to, and filing of the complaint with, the latter shall be done within a reasonable time sufficient for ordinary travel from the place of arrest to the place of delivery. The seized products, materials and equipment shall be immediately disposed of in accordance with forestry administrative orders promulgated by the Department Head.

The Department Head may deputized any agency, barangay or barrio official, or any qualified person to protect the forest and exercise the power or authority provided for in the preceding paragraph.

Reports and complaints regarding the commission of any of the offenses defined in this Chapter, not committed in the presence of any forest officer or employee, or any personnel of the Philippine Constabulary/Integrated National Police or any of the deputized officers or officials, shall immediately be investigated by the forest officer assigned in the area or any personnel of the Philippine Constabulary/Integrated National Police where the offense was allegedly committed, who shall thereupon receive the evidence supporting the report or complaint.

If there is a prima facie evidence to support the complaint or report, the investigating forest officer and/or members of the Philippine Constabulary/Integrated National Police shall file the necessary complaint with the appropriate official authorized by law to conduct a preliminary investigation of criminal case and file an information in Court.

SECTION 89-A. The Armed Forces of the Philippines shall organize a special force in every region to help enforce the provisions of this Act under such rules and regulations as may be agreed upon by the Secretaries of National Defense and Natural Resources.

SECTION 89-B. Administrative Authority of the Director to Impose Fines. – In all cases of violations of this Code and other forest laws, rules and regulations where fine is the principal penalty, the Director is hereby authorized to impose administratively the penalty consisting of the fine.

SPECIAL CLAUSE

SECTION 90. Separability Clause. – Should any provision herein be subsequently declared unconstitutional, the same shall not affect the validity or the legality of the other provisions.

SECTION 91. Repealing Clause. – Presidential Decree Nos. 330, and 389, C.A. No. 452, R.A. No. 4715 and all laws, orders, rules and regulations or any part thereof which are inconsistent herewith are hereby repealed or amended accordingly.

SECTION 92. Date of Effectivity. – This Code shall take effect immediately upon promulgation.

DONE in the City of Manila, this 19th day of May, in the year of Our Lord, Nineteen Hundred and Seventy-Five.

RESOURCES

- [PDF] [Presidential Decree No. 705, May 19, 1975](http://www.officialgazette.gov.ph/downloads/1975/05may/19750519-PD-0705-FM.pdf)
(<http://www.officialgazette.gov.ph/downloads/1975/05may/19750519-PD-0705-FM.pdf>).

[\(https://www.officialgazette.gov.ph/tag/ferdinand-e-marcos-executive-issuance/\)](https://www.officialgazette.gov.ph/tag/ferdinand-e-marcos-executive-issuance/), [Ferdinand E. Marcos Presidential Decree \(https://www.officialgazette.gov.ph/tag/ferdinand-e-marcos-presidential-decree/\)](https://www.officialgazette.gov.ph/tag/ferdinand-e-marcos-presidential-decree/), [Presidential Decrees \(https://www.officialgazette.gov.ph/tag/presidential-decrees/\)](https://www.officialgazette.gov.ph/tag/presidential-decrees/). Bookmark the [permalink \(https://www.officialgazette.gov.ph/1975/05/19/presidential-decree-no-705-s-1975/\)](https://www.officialgazette.gov.ph/1975/05/19/presidential-decree-no-705-s-1975/).



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[House of Representatives \(http://www.congress.gov.ph/\)](http://www.congress.gov.ph/)

[Supreme Court \(http://sc.judiciary.gov.ph/\)](http://sc.judiciary.gov.ph/)

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