

## The Time Is Now - Philippines Ready for Mining Resurgence

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**LONDON** ([ResourceInvestor.com](http://ResourceInvestor.com)) -- Senior government figures from the Philippines have been addressing the European investment community in order to sell the highly mineralised archipelago as once more a viable destination for mining investment, thereby bringing to a close a recent period of animus towards the industry.

In an impassioned oration to manqué London investors, the honourable Jose de Venecia, Speaker of the Congress of the Philippines, reaffirmed his personal commitment to the further liberalization of foreign investment in developing the mineral wealth of the Philippine archipelago.

In the face of significant opposition, the Speaker has been instrumental in creating the legal framework within which foreign miners are now able to effectively control 100% of a project within the Philippines, with the proviso that the investment value of that project is greater than \$50 million. However, the Speaker intends to attempt to extend the applicability of this status to projects of below this value. Under current regulations, projects of under \$50m investment value must be at least 60% held by Filipino partners.

The process of reopening the Philippines to foreign investment in mineral development began with the Mining Act of 1995, but this legislation was then assailed by a legal challenge to its constitutionality. The constitutionality of this act was finally upheld by the Supreme Court of the Philippines late last year, as was the right of foreign miners to enter into Financial or Technical Assistance Agreements (FTAA) with the government in order to exploit mineral resources within the country.

It is under an FTAA that foreign firms can control 100% of a mining project requiring upwards of \$50m of investment, though strictly speaking ownership of resources remains that of the Filipino government. Benjamin Phillip Romualdez, President of both the Philippine and ASEAN Chambers of Mines and also President of Benguet Corporation, the largest Philippine mining company, sees this as a mere technicality, and asserts that in practice, mining projects can be as securely held by foreigners as in any comparable nation. Crucially in addition, repatriation of capital and freedom from expropriation are explicitly guaranteed to investors under the 1995 Mining Act.

The only overt restriction on mining ventures of over \$50m in investment value is that they strictly adhere to policies of sustainable development, id est those facilitating economic growth, social equity and environmental protection. The substance of these policies is enshrined in the Minerals Action Plan of 2004, which reportedly contains 57 strategies and 126 activities intended to serve to moderate the negative impact of large scale mining.

The government of the Philippines has also undertaken several other measures to encourage foreign investment in mining. These include the streamlining of the permitting process for all types of project, the invalidation of mineral claims to land identified as being made by speculators in favour of re-licensing these areas to parties willing to commit to their active development and various reforms of taxation, immigration and customs protocols.

Romualdez ascribes the positive change in attitudes towards mining on a political and popular level to the belief encouraged by the current government that foreign investment in mining can contribute significantly to the overall economic prosperity of the Philippines.

Indeed, for each new mining job created, it is estimated that between four and ten jobs will be created in other industries via multiplier effects. It is now widely accepted in the Philippines that there is quite significant potential for an enhanced mining sector to contribute to general economic growth. The Filipino government believes it cannot achieve this without substantial foreign investment, much of which will come from the global mining industry.

It is also notable that despite the recent hiatus, the Philippines has a long history of mining, and has retained some suitably skilled personnel and useful infrastructure. In addition, the country can claim to have the world's third largest English speaking population. In terms of mineral resources, the Philippine archipelago is particularly prospective for nickel and for gold, though other metals are also present in abundance.

In the long term, the key issue for the mining industry will be the durability of the popular and political commitment to it. This seems well entrenched at present, but a political upheaval towards the radical left or an unfortunate series of disastrous incidents at mining operations could turn sentiments towards mining sour. However, there is no indication of the former at present, and western mining firms should by now have developed the procedures necessary to almost eliminate serious mishaps.

It does though seem vital to the industry's future that as in many other locations, the operational imperatives prescribed by the Philippine government to mitigate the negative effects of large scale mining are followed to the letter. If this is truly recognised by the foreign firms that choose to move into the Philippines with the aim of tapping the archipelago's mineral wealth, then the mining industry there may well have a bright future.