

Joint Foreign Chambers of the Philippines

American Chamber of Commerce of the Phils., Inc. ♦ Australian-New Zealand Chamber of Commerce (Phils.), Inc.
Canadian Chamber of Commerce of the Phils., Inc. ♦ European Chamber of Commerce of the Phils., Inc.
Japanese Chamber of Commerce & Industry of the Phils., Inc. ♦ Korean Chamber of Commerce of the Phils., Inc.
Philippine Association of Multinational Companies Regional Headquarters, Inc.

October 11, 2017

Rep. Arnel Ty

Chairperson
Committee on Natural Resources
House of Representatives
Quezon City

Dear Chairperson Ty:

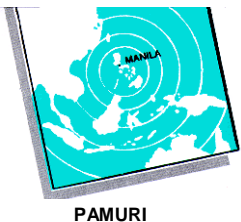
We write to your good office to express our reservation on several House bills declaring mining-free zones which have the effect of amending the Philippine Mining Act of 1995, Republic Act No. 7942 (Mining Act):

1. HB 5790 (Biliran) – approved Second reading
2. HB 5789 (Davao City) – approved Second reading
3. HB 6012 (Cagayan de Oro City) – pending Second reading
4. HB 6011 (North Cotabato) – pending Second reading
5. HB 4387 (Kibungan, Benguet) – pending Second reading
6. HB 5301 (Southern Leyte) – pending Second reading
7. HB 6405 (Palawan, 3rd Dt.) – pending Second reading
8. HB 5086 (Davao Oriental) – under Committee deliberation
9. HB 6336, 6384 (Marinduque) – under Committee deliberation

The Joint Foreign Chambers (JFC) recommend that the Mining Act be respected and implemented evenly throughout the nation without need of new legislation such as the foregoing House bills. It is our position that the House bills cited above are inconsistent with the Philippine Constitution and the Mining Act and should not be considered and approved by Congress.

We submit for your consideration the following points which we believe will provide guidance on promoting mining as a viable and stable industry, under existing constitutional and legal structures, which creates jobs, empowers communities and enables sustainable ecological and economic development, and bereft of erratic and inconsistent mining policy:

1. Thirty percent of the Philippine land area with a total of 9 million hectares has high mineral potential. Of this, the actual mining footprint for the existing operating mines when added together is only 60,000 hectares or only 0.2% of the total land mass of the entire Philippine archipelago. To put things into proper perspective, 60,000 hectares is approximately 36%, or a little over a third of the total land area of Quezon City. Yet, for such a small area of actual coverage, the mining industry contributes almost 1% of GDP and in areas like the Surigao and Palawan provinces, where it has significant operations, the contribution to the local economies are substantial. The Fraser Institute of Canada has ranked the Philippines in the top 10 countries most attractive for mineral development based on mineral potential alone. However, the country ranks within the bottom 10 least attractive locations for international responsible mining investments because of policy and bureaucratic obstructions and the lack of government support for



mineral development. Current government policy has imposed an official moratorium on new mining applications since July 2012. This has stalled the growth of the industry.¹

2. RA No. 7942 of 1995, the Philippine Mining Act was enacted to resuscitate the industry. It opened the doors to potential developers of mining projects. By providing significant social and environmental safety nets, the law is considered to be a model legal framework for sustainable development and among the best in the world. Mining should respect the community and environment, which proper implementation of the Philippine Mining Act will achieve. In comparison to other mining laws of other countries, such as the UK, US, Australia, and Canada, where mining plays a strong role in the growth of their first world economies, the Mining Act is deemed as being at par, if not better, in including social and environmental obligations of mining companies.
3. Legal challenges delayed implementation of the Mining Act for a decade until the Supreme Court in 2005 ruled with finality that the law is constitutional. Under the law, foreign investors can enter into Financial and/or Technical Assistance Agreements (FTAA) and be granted permits for exploration and mineral processing. Given the very significant capital requirements and long lead-times to develop large mines, this ruling opened the way for the industry to grow with some of world's largest mining companies expressing serious interest to invest in the Philippines, with target investments ranging from hundreds of millions to several billion US dollars. That interest, however, has since waned after the imposition of the mining application moratorium and, more recently, with the precipitate actions of then DENR Secretary Regina Lopez. Thus, the need to revive interest by providing for a more stable investment environment for the industry.

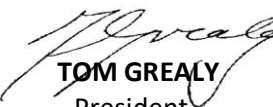
The JFC is a coalition of the American, Australian-New Zealand, Canadian, European, Japanese, Korean chambers and PAMURI. We represent over 3,000 member companies engaged in over \$100 billion worth of trade and some \$30 billion worth of investments in the Philippines, including mining companies. The JFC supports and promotes open international trade, increased foreign investment, and improved conditions for business to benefit both the Philippines and the countries the JFC members represent.

Thank you for considering our views.



BRUCE WINTON
President

American Chamber of Commerce
of the Philippines Inc.



TOM GREALY
President

Australian-New Zealand Chamber
of Commerce of the Philippines Inc.



JULIAN PAYNE
President

Canadian Chamber of
Commerce of the Philippines



GUENTER TAUS
President

European Chamber of
Commerce of the Philippines

¹Mining Policy Brief. *Arangkada* Philippines – a project of the Joint Foreign Chambers. September 2014. See attached.



HIROSHI SHIRAISHI

President

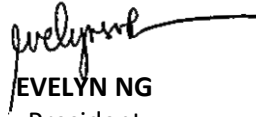
Japanese Chamber of Commerce
& Industry of the Philippines, Inc.



HO-IK LEE

President

Korean Chamber of Commerce
of the Philippines, Inc.



EVELYN NG

President

Philippine Association of
Multinational Companies
Regional Headquarters, Inc.

cc:

Rep. Gil P. Acosta
Rep. Joel Mayo Z. Almario
Rep. Ronald M. Cosalan
Rep. Rogelio J. Espina, M.D.
Rep. Raymund Democrito C. Mendoza
Rep. Roger G. Mercado
Rep. Maximo B. Rodriguez, Jr.
Rep. Jose "Ping-Ping" I. Tejada
Rep. Alberto Tom Ungab
Rep. Lord Allan Jay Q. Velasco
Rep. Carlos Isagani T. Zarate