



Philippine Resources

Mining, Petroleum & Energy Journal

Issue 3, 2016



Duterte - A Boon
or Bane to the
Resources Industry?

Do we need a separate
mining audit under
DMO - 2016-01?

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Philippine Resources

Mining, Petroleum
& Energy Journal

Issue 3 2016

Philippine Resources Journal is published independently for executives in Philippine mining, petroleum and energy and associated business sectors.

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Period of uncertainty for local resource sector

The Philippine resources sector is in limbo at the moment as it deals with two major developments over the past few months.

First up came the landslide win of new President Rodrigo Roa Duterte. If ever there was an election that was over before it started it was the recent Philippine national elections. It was clear that "the people" wanted to give Duterte a mandate to create change and that was reflected in the polling boxes.

To date the international markets have shown that they are willing to give the new President a "honeymoon" period to show his wares and to develop fiscal policies that will maintain the Philippines' place as one of the region's best performing economies.

Certainly his push to clean up corruption has been lauded.

However, there are some growing concerns about the mixed messages the new Government has been producing. Investors do not like mixed messages.

The international resources sector for one does not like seeing the goal posts being moved when they have millions of dollars invested at a time when markets are hurting.

There is already a real concern in the actions of newly appointed DENR Secretary "Gina" Lopez who is well known for her anti-mining stance.

It would be a disaster for the Philippine economy and the country's workers if international and local resources investors decided to take their money elsewhere. I have seen this before and it doesn't take much to cause that to happen and for a country to suddenly find itself with a major hole in its budgets and thousands of unemployed voters.

The other big event that is affecting the confidence of the resource sector is the recent ruling of the decision of the Permanent Court of Arbitration in The Hague which ruled in favour of the Philippines.

While it was a good result for the Philippines in many ways, it still hasn't cleared up the uncertainty covering petroleum exploration in the disputed areas. Until that is clarified there will be no investment in offshore oil and gas in that region.

With no local mining and oil and gas industry the Philippines will be required to become a major importer of key minerals and petroleum and that will have a massive effect on its balance of payments.

It will also remind the responsible ministers and other decision makers that virtually everything they do relies on minerals and petroleum.

The clothes they wear, the cars they drive, the fuel that powers those cars, the plane they fly in, the computers they use, the pens they write with and the lights they turn on - all rely on products produced by the resources sector. - and it will be a hard life for all if all of a sudden those items are a great deal more expensive to buy - or even worse - unavailable. ■



Do we need a separate mining audit under DMO 2016-01?

By Patricia A. O. Bunye

As one of her first official acts, Department of Environment & Natural Resources (DENR) Secretary Regina Paz L. Lopez issued Memorandum Order No. 2016-01 dated 08 July 2016 (DMO 2016-01) requiring an audit of all operating mines and imposing a moratorium on the approval of new mining projects.

The audit also covers mines under suspended and/or care and maintenance

status, while the moratorium covers the acceptance, processing and/or approval of mining applications and/or new mining projects for all metallic and non-metallic minerals.

The audit is to be undertaken in accordance with the Mining Act, Executive Order No. 79 (EO 79) and Department Administrative Order No. 2015-07 (DMO 2015-07), which requires mining contractors to secure ISO 14001 Certification for the following purposes: (1) determine the adequacy and efficiency of the environmental protection measures of each mining operation; (2) identify gaps in environmental protection measures; and

(3) determine the appropriate penalties in case of violations of the mining and environmental laws.

With the unqualified reference to EO 79 it appears that the Duterte administration is adopting the controversial Aquino administration's issuance without a review or reservations, notwithstanding the vigorous objections of the mining industry.

A Mine Audit Team shall be created in every region to conduct the audit and submit the corresponding report to the Department Secretary, through the Senior Undersecretary, within one (1) month from receipt of DMO 2016-01.

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10 Great Expectations, the Philippine version: A 'wish list' for the Duterte administration, Business Mirror – 12 May 2016

11 ABS-CBN News. What Presidential Bets Think About Climate Change, Renewable Energy. Available at <http://news.abs-cbn.com/nation/03/20/16/>



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It is to be composed of the following: Department Central Office - Team Leader; Department Regional Office – Member; Mines and Geosciences Bureau - Member; Environmental Management Bureau – Member; and Third Party Expert/s - Member. As of this writing, the qualifications of the third party expert have not been specified.

It is worthy to note that an audit and monitoring procedure already exists under the Mining Act and its Implementing Rules and Regulations (DAO 2010-21). For example, the Mines & Geoscience Bureau (MGB), through the Director, monitors compliance with the terms and conditions of mineral agreements.

Under Section 9 of the Mining Act, the MGB monitors the compliance by the contractor of the terms and conditions of the mineral agreements. It may collect surety, performance and guaranty bonds posted through an order to be promulgated by the Director.

The Director may also deputize, when necessary, any member or unit of the Philippine National Police, barangay, du-

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February 2016) on 08 July 2013, entitled "An Act Creating the Department of Mines, Instituting a Revised Regulatory Framework for the Philippine Mining Industry, Repealing for the Purpose Republic Acts Numbered Seven Thousand Nine Hundred Forty Two (R.A. No. 7942,

The Philippine Mining Act Of 1995), Republic Act Numbered Seven Thousand Seventy Six (R.A. 7076, The People's Small-Scale Mining Act Of 1991), and Presidential Decree No. 1281 (PD 1281, Revising Commonwealth Act No. 136, Creating the Bureau of Mines and for Other Purposes) and Amending Section 15 of Executive Order No. 192 (EO 192, Providing for the Reorganization of the Department of Environment, Energy and Natural Resources, Renaming it as Department of Environment and Natural Resources and for Other Purposes and Section 25 of Republic Act Numbered Four Thousand Two Hundred Seventy Four (RA 4274, The Mining Engineering Law of the Philippines) and for Other Purposes".

This is likewise pending with the Committee on Government Reorganization. It remains to be seen whether the aforementioned bills will be re-filed when Congress reopens in July.

These proposals appear to follow the model of countries with strong environmental protection regimes.

The United States, for example, has an Environmental Protection Agency (EPA) which consolidates many of the federal government's environmental responsibilities under one agency. It conducts environmental assessment, research, and education, and is responsible for maintaining and enforcing national standards under a variety of environmental laws, in consultation with state, tribal, and local governments. It delegates some permitting, monitoring, and enforcement responsibility to U.S. states and the federally recognized tribes.

EPA enforcement powers include fines, sanctions, and other measures. The agency also works with industries and all levels of government in a wide variety of voluntary pollution prevention programs and energy conservation efforts.

Australia, for its part, has a separate Department of the Environment, which designs and implements the Australian Government's policies and programs to protect and conserve the environment, water and heritage and promote climate action under four pillars: clean air, clean land, clean water and national heritage.

Canada has its Environment and Climate Change Canada which is mandated to: preserve and enhance the quality of the natural environment, including water, air, soil, flora and fauna; conserve Canada's renewable resources; conserve and protect Canada's water resources; forecast

daily weather conditions and warning and provide detailed meteorological information to all of Canada; enforce rule relating to boundary waters; and coordinate environmental policies and programs for the federal government. ■



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Diwata celebrates fourth anniversary

By Patricia A. O. Bunye.

To celebrate its fourth anniversary, Diwata-Women in Resource Development, Inc. and its project partners, the Land Rover Club of the Philippines and the Philippine Mine Safety and Environment Association, delivered on 16 July 2016 the first batch of solar equipment to the Aeta community in Bamban, Tarlac under its

Tanging Tanglaw: Turning IP Grandmothers into Solar Engineers Project.

The distribution of solar lanterns and installation of home lighting systems to the Aeta beneficiaries was led by the "Solar Lolos" (Cita Diaz and Magda Salvador from Bamban, Tarlac, and Evelyn Clemente and Sharon Flores from Subic, Zambales) who were trained at Barefoot College in Tilonia, India to become solar engineers.



The Tanging Tanglaw is supported by generous individuals and entities which

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