



# Philippine Resources

Mining, Petroleum & Energy Journal

Issue 3, 2018

Resources industry voices  
TRAIN 2 concerns

Reinventing the  
mining industry

Four mining firms  
failed MICC audit



# Headlines in this issue



8



19

## Resources Commentary

- 6 *Ronnie Penarroyo says the resources sector has concerns over TRAIN 2*
- 19 *Patricia A. O. Bunye looks at reinvention of the mining sector*

## Resources News

- 21 *MGB cites mining company's CSR program in Surigao*
- 22 *Cimatu says four mining firms failed MICC audit*
- 26 *DENR Secretary provides update at Philippine Mining Club*



21

- 34 *DENR lifts moratorium on mines exploration*
- 38 *In Defense of Mining at the 5th MinECon Press Con*
- 42 *DOE provides Alegria Oil updates at MinECon 2018*
- 44 *MVP firm set to submit proposal to develop LNG terminal*
- 50 *Smooth sailing at PhilMarine 2018 and Oil and Gas PH 2018*
- 54 *Reforestation in Good Hands by Project Gaia of CTPCMC*

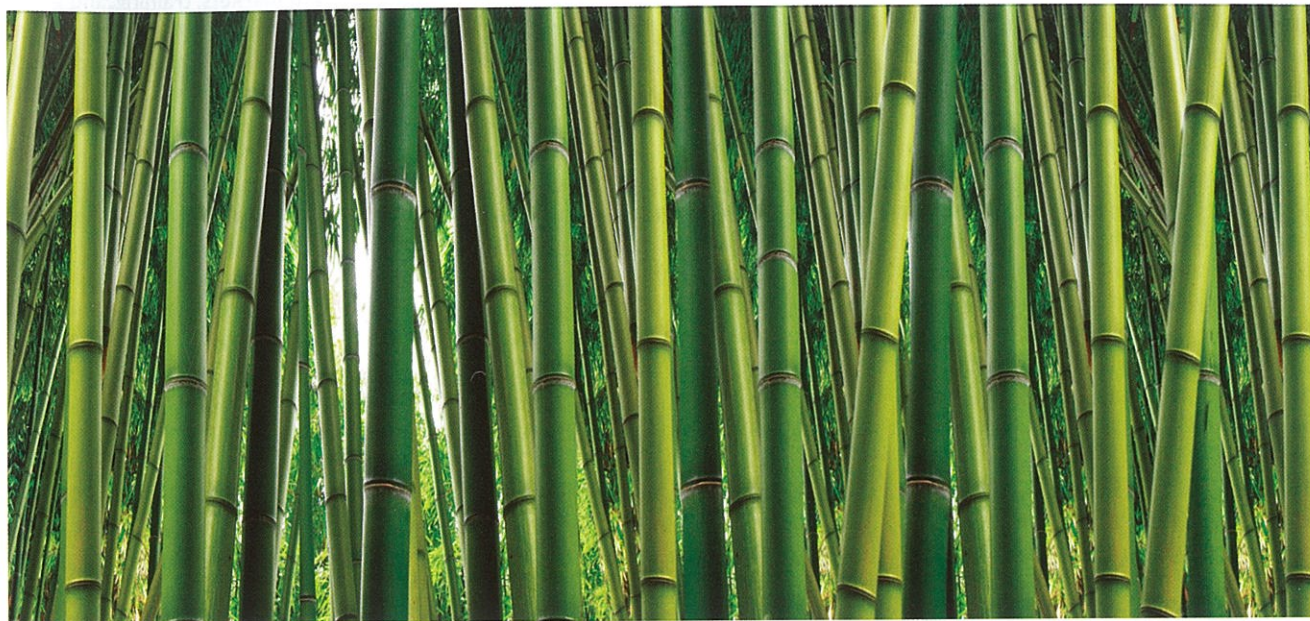


### On The Cover:

*Backhoe fills a truck with fresh ore. Photo courtesy Masbate Gold Project.*



# Reinventing the mining industry



**By Patricia A. O. Bunye**

At the June 8 Philippine Mining Luncheon, Department of Environment and Natural Resources (DENR) Secretary Roy A. Cimatu began his speech by quoting President Rodrigo Duterte's statement just a few days before when he addressed the Filipino community in South Korea on June 3: "Either we have to reinvent mining in the Philippines or sarado kayo lahat by the end of the year."

This was followed by his challenge for the mining industry to show that it is "an industry that contributes to progress, promotes social well-being and protects the environment."

In the Q&A that ensued, emcee and bamboo advocate Leo Dominguez lost no time in asking the Secretary whether growing bamboo could be a way of 'reinventing mining' considering that: (1) the Philippines has certain climate change commitments which require the planting of trees; (2) the agency responsible for delivering on this commitment is the DENR (which incidentally has a budget of P750 million for planting materials); (3) the lack of hectareage for planting; (4) the President has asked mining industry, particularly nickel miners, to be

responsible for the revegetation of their respective areas to at least his height in 6 months; and (5) mining companies are responsible for tens of thousands of hectares that can be put to use for revegetation. Mined areas that need rehabilitation cover about 300,000 hectares.

Secretary Cimatu readily agreed that growing bamboo could indeed be a way of 'reinventing mining' and, in the two months since that luncheon, other bamboo proponents, including Department of Trade and Industry (DTI) Secretary Ramon Lopez, the Philippine Bamboo Industry Development Council and the Philippine Bamboo Foundation, have taken the discussions on this forward.

At the July 31 Mining Stakeholders Meeting, during which the revegetation/rehabilitation efforts of number of mining companies, including Philex, Lepanto and Marcventures, were presented, a more detailed picture of the bamboo industry and how it may possibly work hand in hand with the mining industry to address many of the issues against the latter was discussed.

One clear area of collaboration is how the mining companies' Social Development and Management Program (SDMP) fund, which is proposed to be increased

from 1.5% to 3% of total operating cost, may be devoted to programs which are truly sustainable and beneficial to the host and surrounding communities in the long term.

While mining companies currently do spend on reforestation and rehabilitation both to comply with the applicable laws and possibly as part of their CSR, bamboo proponents say that, by choosing to plant bamboo, mining companies can do a lot more in developing human resources and ensuring their longterm livelihood.

Under the Mining Act, contractors are mandated to undertake an Environmental Protection and Enhancement Program (EPEP) the rehabilitation, regeneration, revegetation, and reforestation of mineralized areas, among others.

In this regard, Secretary Lopez opined that "mining companies have vast tracts of land that need rehabilitation and they have funds, as mandated allocation from their operation expenses, for rehabilitation use."

According to Secretary Lopez, there needs to be a "whole government ap

**Continued on following page >**



## < Continued from previous page

proach” which addresses supply chain issues from plantation to supply since the bamboo industry has the potential to provide livelihood to the mining communities because of the shortfall in domestic bamboo production relative to demand. For instance, the demand for bamboo culms is more than 20 million, but the local supply is currently at 5 million culms only. There is likewise a growing demand for bamboo-based products - from poles to panels, finer boards, lumber, handicrafts, food, beverage, modern furniture, clothing, fabric, paper, flooring, and others.

Interestingly, under Executive Order No. 879 which created the Bamboo Industry Development Council, the Department of Education is directed to use 25% of its annual budget for the procurement of bamboo desks (from engineered bamboo).

Consistent with the aforementioned “whole government approach”, mining

companies also need to look at the sustainability of the projects and programs funded from the SDMP and ensure that the communities will want to continue what the mining companies have initiated.

This includes looking at the end of the process before even beginning to plant bamboo. The mining companies need to consider the demand, including the possible buyers/users of bamboo and to plan accordingly, including tapping the expertise of scientists, agriculturists, and designers, in order to derive the most productive use from the bamboo.

Most importantly, they also need to achieve the buy-in of the community to ensure that they will want to see the whole process through instead of cutting the bamboo prematurely to take care of immediate needs.

In this regard, the DTI has already drafted and is offering a Planning Guide and Value Chain capability training and men-

toring of communities. DTI will assist in providing the markets, training, and giving the communities ideas on what can be produced so that the land can be productive beyond the mine life

Another angle for considering the use of bamboo to rehabilitate mining sites is that, after rehabilitation, land that was previously unsuitable for agriculture could be contributed as new agricultural land to be used by the communities, thereby contributing to food security.

At the end of a very long afternoon, which some naysayers felt had been hijacked by the bamboo proponents, Secretary Cimatu nevertheless expressed that rehabilitation of mining sites using bamboo may be one way to change the minds of the mining industry’s critics if this alternative is presented to them. He likewise promised to discuss this with a smaller group of mining companies for voluntary implementation. With all the difficulties faced by the mining industry, it may indeed be time to pursue out-of-the box solutions such as this. ■



**Patricia A. O. Bunye is a senior partner at Cruz Marcelo & Tenefrancia and head of its mining and energy practice. She is also President of Diwata-Women in Resource Development, Inc. Questions and comments are welcome at [po.bunye@cruzmarcelo.com](mailto:po.bunye@cruzmarcelo.com).**