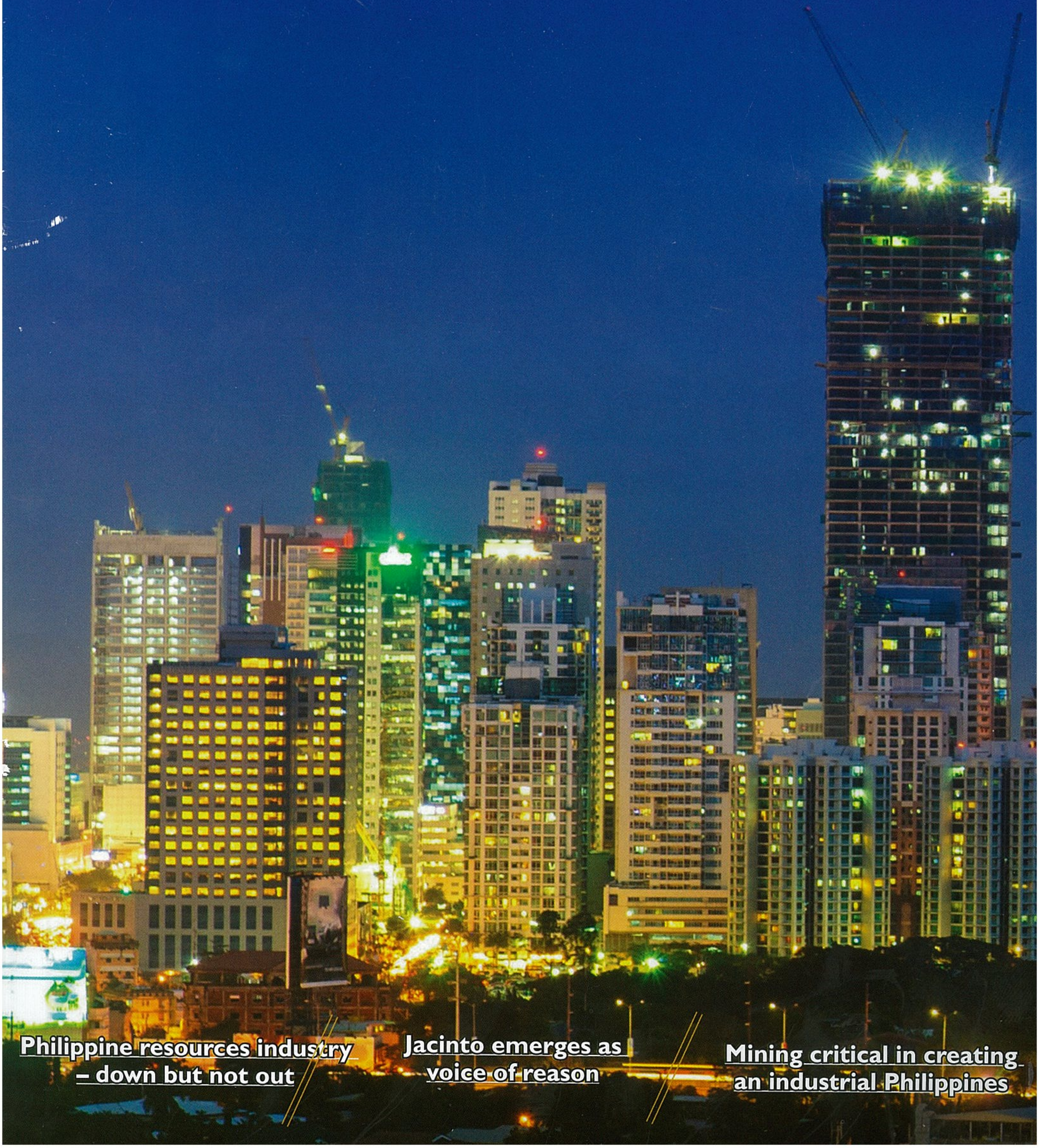
Philippine Resources

Mining, Petroleum & Energy Journal

Issue 4, 2016



Philippine resources industry – down but not out

Jacinto emerges as voice of reason

Mining critical in creating an industrial Philippines

Headlines in this issue

8

18

28

Commentary

Resources News

Philippine Resources
Mining, Petroleum & Energy Journal

Issue 4 2016

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

PUBLISHER
Elizabeth Galura
Charismatic (WA) Pty Limited

CONSULTING PUBLISHER
Greg Brimble

EDITOR: Colin Sandell-Hay

SALES AND MARKETING
Matt Brimble (Manager)
+63 927 721 6622
Matthew@philippine-resources.com

Kevin Lewis
kevin@philippine-resources.com

ADMINISTRATION
Cecilia Pamular
cecille@philippine-resources.com

DESIGN/PRODUCTION
Elizabeth Galura

JOURNALISTS
Jimbo Owen Gulle
Maria Paula Tolentino

CONTRIBUTORS
Patricia A.O. Bunye
Fernando Penarroyo

Manila publishing office
Unit 1515
Cityland Condominium 10, Tower 1
6815 Ayala Avenue North
Makati City 1226
Phone +632 7721375

For inquiries please contact:

Greg Brimble
greg@philippine-resources.com
Australia: +614 172 20759
Manila: +63 949 338 3664

Digital online edition:
www.Philippine-Resources.com

PH economy still a star of Southeast Asia but resource 'black hole' a major concern

Despite widespread reports that the Philippines was losing favor with international investors, two recent reports from respected global banking bodies have suggested that the country is still one of the best performing in the region.

The World Bank recently reported that the Philippines remains one of fastest growing economies in East Asia and the Pacific despite the weak global economy – with the country's gross domestic product forecast to grow 6.4% this year and 6.2% in the next two years.

And the World Bank has given a lot of credit for that positive endorsement to the government.

In its most recent report on the Philippine economy the World Bank stated that in 2017, 40% of the planned government spending on infrastructure will be for roads, railways, seaports and airports. The report suggests that can boost a large segment of the economy including industrial activities, real estate, construction, and tourism, according to the report.

The ADB was of a like mind, forecasting strong growth in 2016 and 2017 on the back of strong investment, private consumption, and the government plan to accelerate investment in infrastructure and human capital.

The new ADB study forecasts 2016 gross domestic product (GDP) growth of 6.4%, up from its March projection of 6%. For 2017, growth is seen dipping back slightly to 6.2%, but is still above the previous forecast of 6.1%.

The ADB has forecast strong government internal support with a big spending fiscal policy, with the budget spending set to increase by 11.6% over the 2016 level, with significant increases earmarked for infrastructure, education, health, and social protection.

The only thing that does not appear to have been taken into consideration is the effect that the shutting down of the majority of the mining industry will have.

The billions of dollars that will be lost in minerals export earnings will leave a massive hole in the budget at some time.

One recent positive on international investment in the resources sector was the news that Australia's Nido is raising US$24.6 million to help fund its share of an expansion of the Galoc oil field.

The proposed drilling of the Galoc-7/7ST wells, if successful, could lead to an increase in reserves and extend the life of the offshore oil field.

There are some indications that the oil price will increase next year to around the US$60 to US$70 per barrel figure, so any increase in the country's oil production numbers has to be welcomed.

Now we need to see if the mining sector will continue to invest in the country.