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Palawan slows down on mining investments

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PUERTO PRINCESA CITY, Philippines -- The Palawan government indicated this week that it is veering away from encouraging more mining investments in the province.

"We won't really need them anymore if we can get the Malampaya money," Governor Joel T. Reyes told the Philippine Daily Inquirer (parent company of INQUIRER.net) following the mining summit held here last week.

He was referring to at least P6 billion the province is assured of, its share from natural gas royalties over the next three years, and potentially double that if it wins its case in the Supreme Court over ownership of the Camago Malampaya oil and gas reserves.

Reyes said the provincial government is studying the positions taken and expressed during the summit by various groups and would come up with a new policy statement in January.

He hinted, however, that the provincial government would go easy on allowing more mining investments in the province.

"We will come up with the official policy statement on this in January, after we have consolidated the issues raised in the mining summit," Reyes said.

Last week, he announced they were expecting the allocation of at least P3 billion for development projects in Palawan that would come from the escrowed Malampaya share, following an agreement with the national government to jointly utilize the funds while awaiting the ruling of the Supreme Court on its ownership.

In addition, the agreement allows the provincial government to securitize the future income of Palawan from Malampaya, a plan that is expected to bring in cash revenue for the province estimated to run up to another P3 billion.

Service Contract 38 led by Shell Spex, which operates the gas project off El Nido, Palawan, has paid some P12 billion in royalties to the national government.

Palawan sued the national government after President Gloria Macapagal-Arroyo declared in 2005 that the gas reserves were located outside Palawan's jurisdiction.

Setting the tone of the emerging provincial policy, Reyes announced during the meeting that the province would impose a mining moratorium in the nickel and manganese-rich area of Mt. Mantalingahan, which is in the final stage of being declared a protected landscape.

Reyes also indicated the province would scrutinize small-scale mining operations in Southern Palawan that had come under fire from environmental groups for violations of environmental laws.

"Ano ba ang nakukuha talaga ng probinsya mula sa kanila [What would the province really get from them]?" Reyes said, referring to the tax exemptions allowed by mining laws to small-scale operations.

The provincial government has come under criticisms from anti-mining groups and non-government organizations for encouraging mining projects that impact negatively on the environment.

Asked to comment on the impending policy shift against mining in Palawan, some companies already operating mining projects expressed disappointment.

The Berong Nickel Corp. (BNC), which operates a large-scale nickel mining project in Quezon, Southern Palawan, said it had complied with international standards in operating the mining project but was still being criticized.

"In the short term that we have been in Berong [Quezon], we have provided more social services there than government or anybody else," BNC chief executive officer George Bujtor told the Inquirer.

"It doesn't make sense to just say stop mining. It makes sense to allow sustainable mining. There is no reason why companies like us that comply with world standards should be discouraged," he added.

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