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Inquirer Southern Luzon : Nickel mining rivalry drags Palawan execs

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PUERTO PRINCESA CITY – A corporate rivalry for control over the vast nickel resources of southern Palawan has drawn top local officials into the controversy and exposed glaring weaknesses in the government's policies on mining.

Platinum Group Metals Corp. (PGMC) was issued a small-scale mining permit by Gov. Joel T. Reyes in 2005, which allowed it to skirt the tedious application process at the Department of Environment and Natural Resources. Reyes, along with a senior technical staff member, was charged with graft before the Sandiganbayan on Feb. 1.

Reyes and Andronico Baguyo, head of the Provincial Mining Regulatory Board (PMRB) secretariat, were accused of allowing PGMC to over-extract mineral ores in its concession in Narra town and violating rules governing small-scale mining. Narra hosts many of the small-scale projects which are actually operated and controlled by foreign mining interests.

PGMC had been penalized by the DENR for exceeding the limit of what it was allowed to haul under its small-scale mining permit, prompting a Manila-based environmental group to sue Reyes and other local officials for allegedly conniving with the company.

PGMC has brushed aside the graft case as part of efforts by its rival companies, Olympic Mining and Development Corp. and Citinickel, to take over its nickel mine operations. "It's all about greed," PGMC chief executive officer Ramon Atayde told the Inquirer when asked to comment on Reyes' indictment by the Sandiganbayan.

Atayde claimed that Citinickel was behind the cancellation by the DENR of PGMC's environmental compliance certificate in 2006 on "false" charges of over-extraction and violation of the small-scale mining laws.

Citinickel, he said, wanted to cancel an existing lease contract with PGMC when the price of nickel zoomed up in the international market. PGMC and Olympic entered into a lease agreement in 2003 for the former to operate its mining claim in Palawan.

Partiality

When prices of nickel tripled from \$3 per pound in 2003 to \$9 in 2006, Atayde claimed Olympic began to ignore its agreement with PGMC and set up Citinickel to take over.

Recently, Olympic and Citinickel have been at odds with the provincial government over their mining activities.

In December, the provincial government came down hard on Citinickel. For an otherwise petty violation of illegal quarrying of sand and gravel for the construction of its office building in Narra, it slapped Citinickel with a case of "theft of minerals."

Critics of the provincial government have questioned its "partiality" to certain mining companies, including PGMC, and its role in the alleged violations committed by the company.

"It's a case of crucifying one bad guy while favoring another," Beth Maclang, advocacy officer of the Palawan NGO Network Inc. (PNNI), said in commenting about the Citinickel case.

For its part, PGMC claimed that the DENR had been influenced by Citinickel to rule against it on the case of over-extraction. "There is no final ruling by the DENR that we actually over-extracted. If you check the records of our shipment, we never over-extracted," Atayde said.

Limits

Records of the PMRB showed that PGMC was within its allowed limit of shipping out 200,000 metric tons within a two-year period. But records obtained from the Philippine Ports Authority showed otherwise – PGMC may have exceeded its quota by at least 50,000 dry metric tons (DMT).

The PPA logs of shipments made by PGMC showed that in 2005, PGMC shipped some 145 DMT of lateritic ore, which is 45 DMT beyond its allowed quota for the two small-scale permits it received from Reyes.

Other mining companies holding large-scale mining permits issued by the DENR have frowned upon the proliferation of small-scale permits issued by the PMRB and the governor.

"Mining is too complicated and expensive to be left to companies with little resources and capacity to conduct responsible mining activities," said George Bujtor of Toledo Mining Corp., a foreign mining company that operates Berong Nickel Corp. in Quezon, Palawan.

On the part of PGMC, which has large-scale operations in other parts of the country, Atayde admitted that it was Reyes who encouraged the company to go small scale "so that it could start shipping ore right away."

For operating small-scale mining projects issued by the PMRB, mining companies pay no more than the excise tax to the national government and local business taxes to the local government. This, while they rake in profits while little assurance is made to protect the environment.

The excise tax paid by PGMC, computed to a ballpark range of 2 to 3 percent of the company's gross profit, is all the direct revenue that the province is entitled to.

PNNI has also criticized both the DENR and the PMRB for allowing small-scale mining companies to destroy the forests of Palawan through open pit mining while weakly enforcing regulations on the remediation of old mining sites.

[^ Back to top](#)

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