

Philippines: Lots of Selling But Few Are Sold

By Richard Mills

Miners in Philippines are feeling rather good about themselves these days. The country seems on its way to re-establishing itself as a major force in the booming mining sector in Asia. Considered a “no-go zone” just a few years ago, the country has accomplished plenty.

The Supreme Court got things moving when it decided to uphold a law that allowed 100% foreign ownership of large-scale mining projects. Since then the government has done its part by gradually improving the regulatory framework that mining companies operate by. Dealing with the large number of anti-mining groups proved to be a more challenging task.

The country had bad experiences in the past with environmental damage caused by miners and had developed one of the most powerful anti-mining lobbies in Asia. In dealing with these well meaning people, the government was presented with its most difficult challenge when a tailings dam of Lafayette’s Rapu-Rapu mine over-flowed. The resulting explosion of negative publicity was heard around the world and was a nightmare to deal with. The company, a former darling of the government, was eventually allowed to continue operations after a period of well deserved penance in which it nearly went broke.

Over time, other critical concerns of the anti-mining groups were responded to in a seemingly competent and caring manner by government officials. Protest rallies have gradually become smaller and less spirited – and more recently, they just get cancelled. With the exception of a few extremists, average Filipinos seem to be becoming assured that mining isn’t so bad after all when it is done properly.

While the government was busy, the Chamber of Mines of the Philippines was relentless at promoting Philippines to the world’s miners. Under the leadership of one of Asia’s greatest salesmen of mining, Philip Romualdez, the country was championed in conferences and board rooms around the world. Mr. Romualdez even got himself elected as head of the Asean Federation of Mining Associations (AFMA) and hosts large conferences in Manila.

As a result of all of this effort, premier mining organizations such as Anglo-American, BHP Billiton, Sumitomo and Xstrata are all now digging for treasure in the country’s massive and mainly untapped mineral reserves. The Philippine industry has vastly increased its estimates of new mining investments to \$10B over the next 5 years, up from almost zero just a few years ago. The self-congratulatory environment within Philippines is intoxicating.

The only problem with all of this is that no one outside Philippines is convinced. This year’s mining attractiveness poll carried out by the revered Fraser Institute in Vancouver indicates that mining executives don’t think very highly of Philippines. The 300 senior people surveyed slashed the ranking of Philippines below even last year’s dismal placing. It now sits just a few notches above Zimbabwe, the current bottom dweller of the list.

It is clear that there is a very big difference of opinion between miners inside Philippines and miners outside. Perhaps the world’s mining executives know something that Filipinos do not. Or, maybe they just haven’t

yet heard the good news of the Philippine mining gospel lately. Let's hope it is the latter and some more evangelizing by the Philippine Chamber of Mines will create a few more converts.

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