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Philippines making right moves

By Richard Mills

Ivanhoe Mines Chairman Robert Friedland dismissed previous setbacks suffered in the Philippine mining industry and chose instead to focus on the country's "rebirth," when he spoke at the Philippines Mining Conference.

Armed with statistics outlining the size of the country's mineral reserves (thought to be the world's fifth-largest), Friedland talked of the need for metals in China.

"The Chinese dragon has a fire in its belly and the only thing that can quench it is metals," he said, stressing that the Philippines could help meet that need. Friedland added that Ivanhoe is heavily vested in the country and "aggressively pursuing" other ventures.

Friedland supports the recent Supreme Court ruling that upholds 100% foreign ownership of major Philippine mining operations (that is, those with a capital cost exceeding US\$50 million). The ruling should allow the government to revive a mining sector that once accounted for close to a quarter of the country's export earnings.

Among the delegates attending the conference were Wayne Spilsbury, general manager of exploration in the Asia-Pacific region for Teck Cominco, and Peter Leaman, global assessment leader with BHP Billiton, both of whom applauded the newly elected government's commitment to mining.

And yet numerous obstacles to development exist at the local level. One such obstacle is a law that gives indigenous people veto rights over new mines on ancestral lands. "But no one is sure who counts as an indigenous person in the Philippines, or where their lands lie," said Philip Romualdez, head of a local mining firm. One company, Lafayette, based in Australia, has been active in the Philippines for several years, and is prospering under existing conditions. The company is about half-finished building its Rapu Rapu copper-gold-zinc-silver mine.

Lafayette is spending A\$57 million on the project, which is expected to start producing by mid-2005. The Supreme Court ruling proved good for Lafayette. In the 2-month period leading up to the announcement, its stock climbed to A20¢ from A12¢.

Canadian junior TVI Pacific is already operating in the country. Despite its small size, TVI Pacific is being touted by local government officials as a success story. Philippine President Gloria Macapagal Arroyo even took time to meet privately with TVI CEO Clifford James.

BHP Billiton and Anglo-American have advanced-stage exploration projects in the country also, as do some lesser-known firms.

-- The author is the director of Chalre Associates, a personnel firm in Manila.

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