

FINAL
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**KEYNOTE SPEECH AT
THE MINING PHILIPPINES CONFERENCE 2023
“SEEING GREEN”
9:00 AM, WEDNESDAY, SEPTEMBER 20, 2023
EDSA SHANGRI-LA HOTEL**

ACKNOWLEDGEMENT

[NAMES]

GOOD MORNING TO ALL OF YOU. IT IS A PRIVILEGE TO JOIN THE FELLOWSHIP OF MINING STAKEHOLDERS AND PARTICIPANTS.

SETTING THE CONTEXT

AT ABOUT MIDNIGHT OF 1ST AUGUST 2012, I RECEIVED AN URGENT CALL FROM EULS AUSTIN, PRESIDENT OF PHILEX MINING. HE REPORTED THAT, AFTER 2 WEEKS OF HEAVY RAINS, OUR TAILINGS POND IN PADCAL, SOUTH OF BAGUIO, HAD DEVELOPED A PROBLEM WITH ITS PENSTOCK—A SYSTEM OF PIPES WHICH DRAINS WATER FROM THE

TAILINGS STORAGE. SIGNIFICANT AMOUNTS OF WATER AND MUD HAD ESCAPED INTO THE VALLEY BELOW. WE DECIDED—VOLUNTARILY AND WITHOUT GOVERNMENT PROMPTING—TO SHUT DOWN ALL MINING OPERATIONS IMMEDIATELY, AND MOVE SWIFTLY TO REPAIR THE DAMAGE AND AVERT A MAJOR ENVIRONMENTAL CRISIS. THAT MIDNIGHT, I MESSAGED PRESIDENT NOYNOY AQUINO ABOUT THIS MINING ACCIDENT, AND THE TIMELY STEPS WE’VE TAKEN.

THERE WERE NO FATALITIES, AND PHILEX PAID A FINE TO THE GOVERNMENT OF MORE THAN 1 BILLION PESOS.

YES, FOR THE FIRST TIME IN MY CAREER, I SAW FIRSTHAND THE INHERENT RISKS ASSOCIATED WITH MINING. BUT, MORE IMPORTANTLY, WHAT RESPONSIBLE MINING MEANS IN THE FACE OF A CONSEQUENTIAL CRISIS.

WHY MINING

A DECADE AGO, I ARGUED BEFORE A PACKED MINING FORUM HOW IMPORTANT MINING IS TO OUR COUNTRY—BY DESCRIBING THE

MINERAL COMPONENTS THAT GO INTO OUR CELLULAR PHONES—GOLD, ALUMINUM, CARBON, IRON, AND SILICON. WE ALL KNOW CELLPHONES ARE NOW WOVEN INTO THE FABRIC OF EVERYBODY'S LIVES—HERE AND ELSEWHERE IN THE WORLD.

TODAY, A SIMILAR ARGUMENT CAN BE SAID ABOUT E-VEHICLES AND BATTERIES—NICKEL, GRAPHITE, ALUMINUM, AND COPPER CONSTITUTE THEIR METAL BODIES AND BATTERIES.

THE SAME DIALECTIC GOES FOR SOLAR PANELS AND WIND FARMS—STEEL, ARSENIC, GALLIUM, GERMANIUM, INDIUM, AND TELLURIUM. WIND TURBINES NEED ALUMINUM AND A NUMBER OF RARE EARTH COMPOUNDS TO MAKE ITS GENERATORS LIGHTER AND MORE EFFICIENT.

I WOULD THEN ARGUE THAT IN MANY RESPECTS, SUSTAINABILITY RESTS ON GREEN TECHNOLOGY—AND BY EXTENSION, RELIANCE ON MINING WOULD CONTINUE.

HOMER SIMPSON OF THE ANIMATED SITCOM, THE SIMPSONS, ONCE SAID FAMOUSLY—“ALCOHOL IS THE CAUSE—AND SOLUTION —TO ALL OF LIFE’S PROBLEMS.” MINING IS NOT FAR FROM BEING IN A SIMILAR QUANDARY—YES, MINING CAN BE A THREAT TO SUSTAINABILITY. BUT IT ALSO ENABLES GREEN TECHNOLOGY TO FLOURISH. AND BECAUSE MINING ALSO OFFERS JOBS AND PROFITS, IT PRESENTS THE ADDITIONAL BENEFIT OF UPLIFTING LIVES AND WELFARE OF OUR PEOPLE.

LET ME MAKE OTHER MAJOR POINTS:

- ● IN OUR MIGRATION FROM FOSSIL FUEL TO E-VEHICLES, HOW COULD THEY—AND THEIR CHARGING STATIONS—BE BUILT WITHOUT METALS?
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- ● BEYOND MINERALS, MINING MEANS JOBS AND INCOMES FOR OUR PEOPLE, ESPECIALLY SINCE MINES ARE TYPICALLY LOCATED IN RURAL AREAS WHERE POVERTY EXISTS, AND JOBS ARE SCARCE.

- • WHAT'S MORE, THE WORLD IS ENTERING AN ERA OF SUSTAINED RESOURCE DEMAND AS ECONOMIES EXPAND AND POPULATION EXPLODES. THE PHILIPPINES MISSED THE ECONOMIC BUS DURING THE MANUFACTURING CYCLE IN THE 50S AND 60S, AND THE EXPORT BOOM IN THE 70S AND 80S. THIS TIME, WE CANNOT MISS THIS BUS YET AGAIN, WITH OUR AVAILABLE MINERAL RESOURCE BASE.

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- IF WE INDEED FAIL TO BOARD THIS BUS, IT LEAVES US NO OPTION BUT TO IMPORT. THIS MEANS WE PAY FOR SOMEONE ELSE'S COST OF MINERAL PRODUCTS, THEIR PROFITS—PLUS THE COST OF PROTECTING THEIR ENVIRONMENT. THIS IS NOT ONLY ABSURD, IT IS ALSO SAD—TOO LAZY TO EXPLOIT OUR INHERENT MINERAL WEALTH, AND AN INSULT TO US WHEN OTHERS—THE SOUTH AFRICANS, AUSTRALIANS, INDONESIAIS, AND CHINESE—OPERATE AND MANAGE THEIR MINING BUSINESSES WELL ENOUGH. SO THE QUESTION RELATED TO SUSTAINABILITY MUST BE—IF OTHERS CAN CONDUCT THEIR MINING OPERATIONS RESPONSIBLY AND SUSTAINABLY, WHY CAN'T WE?

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- **FILIPINOS AND RESPONSIBLE MINING**

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- I'D BE THE FIRST TO ADMIT THAT OUR INDUSTRY HAS TO LEVEL UP WHEN IT COMES TO SUSTAINABILITY PRACTICES AND STANDARDS.

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- BUT THE MISTAKES OF A FEW SHOULD NOT LEAD TO THE NOTION THAT THE WHOLE IS WRONG. AN INDUSTRY SHOULD NOT BE JUDGED BASED ON ITS WORST MEMBERS. THIS IS LIKE FORMING A VIEW ON GERMAN LITERATURE BY SIMPLY READING HITLER'S MEIN KAMPF.

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- SO WHAT ARE THESE MINING SUSTAINABILITY ISSUES?

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- FIRST, HEALTH-RELATED AND SAFETY CONCERNS, EXPLOITATION OF WOMEN AND CHILD WORKERS, THE LACK OF CLARITY OF PLANS AND ACTIONABLE POST-MINING REHABILITATION, WHICH CAN RESTORE MINE SITES TO THEIR ORIGINAL NATURAL STATE.

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- SECOND, THE PRIVATE SECTOR SHOULD HELP GOVERNMENT RAISE ITS SUPERVISORY CAPABILITIES THROUGH FUNDING OF

SCHOLARSHIPS AND TRAINING HERE AND ABROAD, PROCUREMENT OF EQUIPMENT, AND HIRING OF REQUISITE PERSONNEL.

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- THIRD, SEPARATING THE FUNCTIONS OF REGULATION AND THE PROMOTION OF THE MINING INDUSTRY.

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- MGB IS CHARGED WITH THE PROMOTION, DEVELOPMENT, AND SUPERVISION OF MINING. EMB'S MANDATE IS TO ENFORCE ENVIRONMENTAL LAWS ON MINING. BOTH FALL UNDER THE SUPERVISION OF THE DENR.

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- THESE APPARENTLY CONFLICTING GOALS CAN, AT TIMES, PLACE THE DENR IN A POLICY DILEMMA. OUR SUGGESTION IS TO SPIN OFF THE EMB INTO A SEPARATE AND INDEPENDENT BODY, SIMILAR TO THE ENVIRONMENTAL PROTECTION AGENCY IN THE U.S. WE DON'T NEED TO CREATE A NEW DEPARTMENT WITH A SEPARATE BUDGET.

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- FOURTH, PHILEX IS OPEN TO A PROFIT-BASED FISCAL REGIME, TO ASSURE GOVERNMENT THAT AN APPROPRIATE SHARE OF THE BENEFITS DERIVED FROM THE RESOURCES IT OWNS. WE WELCOME

THE RECENT CONGRESSIONAL APPROVAL ON 2ND READING OF HOUSE BILL NO. 8937, WHICH PROPOSES A ROYALTY RATE CALCULATED AGAINST MARGINS REALIZED BY MINING COMPANIES, AS WELL AS A WINDFALL PROFITS TAX.

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- FINALLY, THE MINING BENEFITS BETWEEN HOST LGUS AND THE NATIONAL GOVERNMENT SHOULD BE SHARED MORE EQUITABLY.
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- THE NATIONAL GOVERNMENT MUST ENSURE THE TIMELY REMITTANCE OF TAXES DUE LGUS. AFTER ALL, MINING IS LOCATION-SPECIFIC, AND I SYMPATHIZE WITH LGUS' DESIRE TO REALIZE THE FRUITS OF THE RESOURCES SITUATED IN THEIR COMMUNITIES. AT ONE POINT, IT WAS PROPOSED IN CONGRESS THAT EXCISE TAX SHARES BE DIRECTLY REMITTED TO THE LGUS HOSTING THE MINING OPERATIONS BUT UNFORTUNATELY, IT DID NOT PROSPER.
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- THESE ISSUES MAY SEEM LIKE A HANDFUL, BUT WE IN PHILEX ARE OPTIMISTIC BECAUSE THE MARCOS ADMINISTRATION HAS BEEN CLEAR, PREDICTABLE, AND TRANSPARENT WITH RESPECT TO MINING. WE APPLAUD THE PRESIDENT'S DESIRE TO EXPAND THE INDUSTRY,

SPREAD THE BENEFITS OF MINING INTO THE COUNTRYSIDE, AND INCENT THE PROCESSING OF ORES INTO HIGHER VALUE ADDED EXPORT PRODUCTS. PRESIDENT MARCOS AND HIS ECONOMIC MANAGERS HAVE UNEQUIVOCALLY IDENTIFIED MINING—DONE SUSTAINABLY AND RESPONSIBLY. AND THE DENR IS MAKING DECISIONS BASED ON EMPIRICAL DATA AND CONSULTATIONS WITH ALL STAKEHOLDERS. SUCH FAIR AND PRACTICAL GOVERNANCE HAS ALWAYS BEEN PART OF OUR WISHLIST AS AN INDUSTRY AND—WHILE WE KEEP AN EYE ON CHALLENGES—WE DO ACKNOWLEDGE WITH THANKS WISHES FULFILLED.

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- **CONCLUSION**

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- LET ME CLOSE BY SHARING WHAT I'VE ALWAYS BELIEVED: MINING IS NOT THE ENEMY. POVERTY IS. THE MOST DAMAGING MYTH WITH WHICH OUR INDUSTRY MUST CONTEND WITH IS THE IDEA THAT WE MUST CHOOSE BETWEEN SUSTAINABILITY AND MINING. THIS IS A FALSE DICHOTOMY—IT IS A FALSE CHOICE.

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- THE ABSENCE OF RESOURCES, THE DEPRIVATION OF BASIC NECESSITIES, THE SCARCITY OF OPPORTUNITIES, THE LACK OF CHOICES—ALL INDICIA OF POVERTY ARE NOT JUST BUZZWORDS FOR COCKTAIL CONVERSATIONS. THE HARSH REALITIES OF POVERTY HAVE HAUNTED OUR PEOPLE FOR FAR TOO LONG, AND IN FAR TOO MANY PLACES.

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- AS WELL, POVERTY AND SUSTAINABILITY ARE NOT ABSTRACT CONCEPTS. THE BRUTAL REALITIES OF A MOTHER GRAPPLING WITH THE NOURISHMENT OF HER CHILD, ORDINARY FILIPINOS STRUGGLING WITH RENT PAYMENTS OR ELECTRICITY BILLS. WATER NOT POTABLE, OR AIR TOO POLLUTED TO BREATHE. NAVIGATING FLOOD WATERS ON OUR STREETS, OR SURVIVING TYPHOONS.

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- YET THE SUPREME IRONY IS THAT, IN THE MIDST OF ALL THIS POVERTY, LIE SOME OF THE WORLD'S RICHEST NATURAL RESOURCES, A GIFT OF PROVIDENCE FOR OUR PEOPLE TO MAKE USE OF—AND NOT ABUSE.

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- I HOPE THAT THIS 2-DAY FORUM TRANSLATES INTO ACTIONABLE PROGRAM. AFTER WE'VE SAID ALL THE RIGHT AND NICE THINGS TODAY, WE SHOULD FORGE AHEAD TOGETHER AS ONE INDUSTRY—IN UNITY AND IN STRENGTH—AND DO THE RIGHT THINGS BY OUR PEOPLE AND FOR OUR PLANET.

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- MABUHAY ANG MGA MINERO!

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