

SPEECH OF
VICE PRESIDENT NOLI DE CASTRO
MINING PHILIPPINES 2009

16 SEPTEMBER 2009

LADIES AND GENTLEMEN:

I AM PLEASED TO SEE FAMILIAR FACES IN THIS GATHERING --- MINING PHILIPPINES 2009 --- WHICH HAS NOW BECOME AN ANNUAL HABIT OF THE INDUSTRY.

IT IS GOOD THAT YOU IN THE MINING SECTOR TAKE TIME TO ASSESS WHERE YOU ARE AND TO REVIEW THE LESSONS THAT YOU HAVE GAINED OVER THE PAST YEAR. AFTER ALL, IT IS THROUGH THE KNOWLEDGE SHARED THROUGH CONFERENCES LIKE THESE THAT THE INDUSTRY IS ABLE TO CHART THE FUTURE OF MINING IN OUR COUNTRY.

MINING IS NOW A MAJOR SUNRISE INDUSTRY IN THE PHILIPPINES.

WITH AN ESTIMATED 7 BILLION TONS OF METALLIC MINERALS AND 51 BILLION TONS OF NON-METALLIC MINERALS WAITING TO BE UNEARTHED, DOWNSTREAM PROCESSING AND MANUFACTURING REMAINS AN AREA OF IMMENSE POTENTIAL.

INVESTMENT INFLOW HAS BEEN GROWING FROM 840 MILLION DOLLARS IN 2006 TO 1.4 BILLION DOLLARS IN 2007. IN 2008, INVESTMENTS FELL BELOW THE 1 BILLION DOLLAR MARK, OWING TO THE IMPACT OF THE GLOBAL CRISIS. WE REMAIN CONFIDENT, HOWEVER, THAT MINING WILL BECOME A 13 BILLION-DOLLAR-INDUSTRY BY 2013.

OF COURSE, A LOT WILL RELY ON OUR CAPACITY TO ENCOURAGE MORE INVESTMENTS IN MINING BY CREATING AN ENVIRONMENT THAT IS CONDUCIVE TO BUSINESS.

A WAKE-UP CALL

I AM PARTICULARLY HAPPY WITH YOUR CHOICE OF THEME FOR THIS YEAR: "STRENGTHENING COMPETITIVENESS."

I UNDERSTAND THAT THE SESSIONS TODAY AND TOMORROW WILL COVER ALMOST ALL ASPECTS OF THE INDUSTRY.

AND SO WITH YOUR INDULGENCE, I WILL NO LONGER DEAL WITH THESE AREAS.

INSTEAD, LET ME ADDRESS A BASIC CONCERN OF THE INDUSTRY AND OF THE COUNTRY --- WHICH, AS YOU CORRECTLY POINTED OUT, IS COMPETITIVENESS.

LAST WEEK, THE INTERNATIONAL FINANCE CORPORATION AND THE WORLD BANK PUBLISHED THE LATEST "DOING BUSINESS REPORT." THIS IS AN ASSESSMENT OF THE BUSINESS AND REGULATORY ENVIRONMENT IN 183 ECONOMIES AROUND THE GLOBE.

THE IFC AND WORLD BANK HAVE BEEN DOING THIS STUDY SINCE 2004 THROUGH THE VARIOUS INDICATORS OF BUSINESS COMPETITIVENESS THAT THEY HAVE DEVELOPED THROUGH THE YEARS.

INTERESTINGLY, THE PERIOD BETWEEN JUNE 2008 AND MAY 2009 COINCIDED WITH THE MOST DIFFICULT MONTHS OF THE GLOBAL FINANCIAL CRISIS. YET, IT WAS PRECISELY IN THE FACE OF THESE DIFFICULTIES THAT MANY ECONOMIES ACCELERATED THE IMPLEMENTATION OF REFORMS. THE REPORT STATED THAT DURING THIS PERIOD, A TOTAL OF 287 REFORMS WERE RECORDED IN THE 183 ECONOMIES STUDIED BY THE IFC-WORLD BANK TEAM.

INTERESTINGLY, AGAIN, THE COUNTRIES WHICH LED THE WORLD IN REFORM WERE THE LOW AND MIDDLE INCOME ECONOMIES, LED BY RWANDA, KYRGYZ REPUBLIC, AND MACEDONIA.

IN THE ASIA-PACIFIC REGION, THE LEADERS WERE INDONESIA, SINGAPORE, AND HONGKONG.

WHY AM I SHARING THIS INFORMATION WITH YOU? BECAUSE I WANT TO SITUATE THE PHILIPPINES IN THE CONTEXT OF THE DYNAMIC GLOBAL ECONOMY, WHERE EVERY GOVERNMENT COMPETES FOR INVESTORS ATTENTION.

DOING BUSINESS IN THE PHILIPPINES

IN THE SAID REPORT, THE PHILIPPINES RANKED 144 OUT OF 183 ECONOMIES IN TERMS OF "EASE OF DOING BUSINESS," 162 OUT OF 183 IN TERMS OF "STARTING A BUSINESS," AND 153 OUT OF 183 IN TERMS OF "CLOSING A BUSINESS." IN OTHER WORDS, WE ARE AT THE BOTTOM THIRD OF THE INDICES MEASURED BY THE IFC AND THE WORLD BANK. THE PHILIPPINES WAS CITED FOR ONE REFORM --- THE INTRODUCTION OF NEW INSOLVENCY RULES THAT MADE IT EASIER TO REORGANIZE FIRMS.

ON THE WHOLE, OUR RECORD IS A CAUSE FOR CONCERN.

STARTING A BUSINESS IN THE PHILIPPINES REQUIRES 15 PROCEDURES, USUALLY COMPLETED OVER 52 DAYS OR NEARLY TWO MONTHS.

OBTAINING CONSTRUCTION PERMITS REQUIRES 24 PROCEDURES OVER 204 DAYS.

THE TOP-RANKED ECONOMY IN OUR REGION, SINGAPORE, REQUIRES 3 PROCEDURES AND 3 DAYS. OBTAINING A CONSTRUCTION PERMIT THERE REQUIRES 11 PROCEDURES AND 25 DAYS.

A CHALLENGE FOR MINING

I AM NOT QUOTING THIS REPORT BECAUSE I WANT TO DAMPEN YOUR SPIRIT. INSTEAD, I EXPECT THE OPPOSITE.

LET THIS BE A CHALLENGE FOR GOVERNMENT AND FOR THE MINING INDUSTRY. AND I HOPE THAT YOU WILL START WORKING ON THIS CHALLENGE IN THE NEXT TWO DAYS OF THIS CONFERENCE.

WE HAVE TO DO MORE. WE HAVE TO EXAMINE OUR REGULATORY ENVIRONMENT AND ELIMINATE, TO THE EXTENT POSSIBLE, THE OBSTACLES TO COMPETITIVENESS. WE HAVE TO STUDY OUR PROCESSES, STEP BY STEP, AND SEE WHICH ONES ARE HELPING BUSINESSES, AND WHICH ONES KILL INNOVATIVENESS.

WE HAVE TO MOVE FAST BECAUSE THERE IS MUCH POTENTIAL FOR THE PHILIPPINE MINING INDUSTRY IN THE COMING YEARS.

JUDGING FROM THE INTEREST SHOWN BY MINING COMPANY CEO'S AND FINANCE OFFICIALS IN ACCESSING FUNDS FOR MATURE PROJECTS IN THE PIPELINE AND FOR THOSE IN THE FINAL FEASIBILITY STUDY STAGE, CHANCES ARE STRONG THAT THESE PROJECTS WILL PUSH THROUGH AFTER THOROUGH REASSESSMENT. A SURGE IN INVESTMENTS AND PRODUCTION MAY BE EXPECTED TOWARDS THE END OF 2010.

ON THE PART OF THE GOVERNMENT, WE HAVE MADE COMMITMENTS TO RESOLVE ADMINISTRATIVE ISSUES. WE ARE BENT ON PROVIDING ALL THE SUPPORT NEEDED TO REVITALIZE THE INDUSTRY PARTICULARLY IN MINDANAO WHERE MINERAL RESOURCES ABOUND.

GOVERNMENT IS ALSO WORKING TO ENLIST IN THE EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE AND IN STREAMLINING OPERATIONS TO PREVENT CORRUPTION.

WITH THE REFORMS THAT HAVE ALREADY BEEN PUT IN PLACE IN MINING, I BELIEVE THAT WE ARE HEADED IN THE RIGHT DIRECTION.

AND WITH THE ACTIVE PARTICIPATION OF THE PRIVATE SECTOR, I AM CONFIDENT THAT THE MINING INDUSTRY CAN LEAD THE WAY IN PROMOTING GREATER COMPETITIVENESS.

WITH THAT, LADIES AND GENTLEMEN: THE MINING PHILIPPINES 2009 CONFERENCE IS NOW OPEN.

GOOD LUCK TO ALL OF YOU, AND I WISH YOU A SUCCESSFUL AND PRODUCTIVE CONFERENCE.

THANK YOU AND GOOD DAY.

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