



## The Philippine Mining Act of 1995: Is the law sufficient in achieving the goals of output growth, attracting foreign investment, environmental protection and preserving sovereignty?

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**Abstract:** Mining in the Philippines plays a crucial role in the pursuit of industrial development because of its ability to provide mineral resources that serve as raw materials for the manufacturing, construction, utilities as well as the services sub-sectors. It is also a major contributor of foreign currency through the exports of mineral ore and other processed and semi-processed mineral products and provides employment to communities in far flung areas where the only source of economic activity is mining operations. Although the industry produces output and provides employment, it also destroys the environment through deforestation, and the loss of vegetation and biodiversity. It alters the land and the natural terrain due to open pit mining, soil erosion, and river pollution. There is also the human health impact of cyanide and other chemicals used in mining and the acid mine drainage which encroaches into the settlements of the people and their communities, which leads to their displacement alongside the loss of productive agricultural land.

The Philippine Mining Act of 1995 is the main policy/ legislation which governs all mining operations in the country and includes various measures to protect the environment and defines areas in which mining can be allowed. The legislation provides two approaches in forming and finalizing mining contracts namely: the Mineral Production Sharing Agreement (MPSA) and the Foreign Technical Assistance Agreement (FTAA) which permits 100 percent foreign ownership of mining operations.

The primary objective of the study is to determine the extent by which the provisions of the Philippine Mining Act of 1995 may have been able to help achieve the goals of increasing mining output, attracting foreign direct investment, protecting the environment and preserving national sovereignty. The methodology used is the descriptive approach which includes a thorough discussion of the policy provisions as well as the evaluation of the mining industry performance after the enactment of the law. A discussion of documented cases involving the environmental impact of several major mining projects is also included to determine the effectiveness of policy implementation. Initial results have indicated that further reforms will be necessary in order to improve the effectiveness of the Philippine Mining Act in attracting new investments, protecting the environment and settling sovereignty issues. In addition, there is a need to address the method or process by which regulation is implemented as well as increase the extent of transparency and accountability in order to better serve the interest of local communities, industry and government.

**Key words:** Philippine Mining Act; mineral production sharing agreement; foreign technical assistance agreement; environmental protection; governance and regulation