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DENR

IN THE NEWS

THE PHILIPPINE STAR

TRUTH SHALL PREVAIL

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STRATEGIC COMMUNICATION AND INITIATIVES SERVICE

Review panel to focus on 23 mining firms

By MARY GRACE PADIN and
LOUISE MAUREEN SIMEON

The panel tasked to review the performance of local mining companies will initially focus on the 23 firms ordered closed by the Department of Environment and Natural Resources (DENR), a member of the Mining Industry Coordinating Council (MICC) said.

"If you look at the mandate of the MICC, it's supposed to cover all 311 contracts thus far issued. But we are starting with just the 23," Finance Undersecretary Bayani Agabin told reporters on Monday evening. He said the committee aims to finish the whole process within three months.

"There are some administrative issues that we have to resolve, like the budget, where will we get that budget. So we have to resolve that very soon," he said without citing figures.

The official said the MICC is considering tapping experts from the academe to conduct a review of the mining operations of the 23 firms ordered shut down by the DENR.

"We've determined it will be merely a fact-finding body. It will be investigative and done in a scientific manner. And we've determined, probably, we need experts to look at the technical, economic and social aspects of the mining operations," Agabin said.

"It should be unbiased, so definitely none from mining companies. We were thinking professors or (those) from the academe," he added. The Department of Finance represented by Agabin co-chairs the MICC.

He said the proposed timeline, as well as the process and team composition of the review – as discussed during the meeting – would have to be cleared first by the council.

"We have to get clearance from the whole body itself. If they say yes, then we can proceed on that basis," he said.

Agabin said the multi-stakeholder review on the performance of the mining companies is pursuant to Executive Order 79, which requires such exercise every two years.

Finance Secretary Carlos Dominguez III and Environ-

ment Secretary Gina Lopez issued MICC Resolution 6 last Feb. 9 giving due course to a review of mining firms' performance.

"Pursuant to EO (Executive Order) 79, the MICC shall create a multi-stakeholder review and advise the DENR on the performance of existing mining operations in consultation with local government units," the resolution read.

"The review shall be based on the guidelines and parameters set forth in the specific mining contract and in other pertinent laws, taking into account the valid exercise of the State's police power to serve the common good, especially the poor," it added.

'Hasty decision'

For the mining industry, the three-month review timeline could be an indication that the DENR closure order was hastily made.

"It goes to show that the decision of the Secretary may have been too hasty, given that it will take three months to review her decision," Chamber of Mines of the Philippines

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*Review panel to focus on 23
mining firms*

(COMP) legal and policy vice president Ronald Recidoro told The STAR.

Nevertheless, COMP welcomed the decision as such would give mining companies an opportunity to address concerns raised against them.

"We are grateful that the MICC is finally moving on the review. We just hope that this will be a thorough and impartial one," Recidoro said.

"I think the three months is OK because you are talking about reviewing more than a hundred tenements and also looking at coordinates of the MPSAs (mineral production sharing agreements) overlain in the proclaimed watersheds. We also do not know yet the composition of the team that will work on this," COMP executive vice president Nelia Halcon said.

While the MICC review is already in motion, Environment Undersecretary Ipat Luna admitted that there is still a lot of processes to follow and clarifications to make.

"It is still unclear who will be the ones to lead. We just clarified first with our data gathering, we

discussed the process that will be taken. We don't even have a budget yet for the review," Luna said in a separate interview.

"At this stage, we are just supplying the committee with the process. We will take off from the review results," she added.

Luna noted that the MICC might convene again before the end of the month to finalize the whole review process.

The National Economic and Development Authority (NEDA), for its part, said there are still other matters that need to be discussed by the council.

"We just discussed terms of reference of the technical review team. There are parameters that came out during the meeting that we have to hurdle before we finally decide," NEDA-Agriculture, Environment and Natural Resources director Mercedita

Sombilla said.

While the COMP hopes to be included in the review, Luna said it is likely only the government would undertake it. NEDA expressed belief a third party should be included in the review.

"It should not be the government. Probably, experts and academe – not even MGB (Mines and Geosciences Bureau) because they have done their audit already," Sombilla said.

– With Ben Serrano

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MICC vows to finish review of mining deals in three months

By Ben O. de Vera
@bendeveraINQ

The interagency Mining Industry Coordinating Council (MICC) eyes to finish within the three months the review of the 23 mining contracts and operations earlier ordered suspended or shuttered by the Department of Environment and Natural Resources, a ranking official of the Department of Finance said.

After a technical working group (TWG) MICC meeting Monday night, Finance Undersecretary Bayani H. Agabin told reporters the group had already agreed on the composition, scope and process by which it would undertake the review starting March.

The MICC, co-chaired by the DOF and the DENR, earlier issued Resolution No. 6, which called for the establishment of a multi-stakeholder review of the DENR's

orders shutting down mining operations in 10 provinces, as mandated under Executive Order No. 79.

"The review shall be based on the guidelines and parameters set forth in the specific mining contract and in other pertinent laws, taking into account the valid exercise of the state's police power to serve the common good, especially of the poor," the resolution said.

The MICC was also ordered to

"advise the DENR on the performance of existing mining operations in consultation with local government units," according to the resolution.

As soon as the budget for the review is available, Agabin said, the group can complete the process in three months.

"We want to start as soon as possible, but we have some constraints. We have to set a target and we believe it's probably rea-

sonable (to do the review within) three months," Agabin said.

"There are some administrative issues that we have to resolve, like where will we get the budget?" he said.

Agabin said the team would merely be a fact-finding body," as the review "will be investigative and done in a scientific manner."

"We need experts to look at the technical, economic and social aspects of the mining operations,"

Agabin added.

Agabin said the group was eyeing as members some members of the academe.

He said the result of the TWG's investigation would be submitted and recommended to the Cabinet-level MICC.

While MICC covers all 311 mining contracts entered into by the government thus far, the review will cover only the first 23 affected by the DENR orders. INQ

STRATEGIC COMMUNICATION AND INITIATIVES SERVICE

Gov't eyes 'experts' for new mine audit

By Janina C. Lim *Reporter*
with Elijah J. C. Tubayan

THE GOVERNMENT BODY organizing a separate audit of mining operations nationwide — after the Department of Environment and Natural Resources (DENR) earlier this month ordered nearly a hundred such projects to shut down, including more than half the country's 41 operating metal mines — plans to field "experts"

for this task which could start next month, officials said on Monday night.

At the end of a meeting of the Mining Industry Coordinating Council (MICC) technical working group (TWG) that lasted about five hours that day, Finance Undersecretary Bayani H. Agabin told reporters that the review could start next month and will initially focus on the first batch of 28 operational mines — 23 of which are to be shuttered and five others to be penalized — that were

ordered sanctioned on Feb. 2 for various alleged environmental infractions discovered in DENR's audit that began in July last year.

That, Mr. Agabin said, could take about three months, after which the review on the succeeding 75 projects still in pre-production stage that were ordered closed on Feb. 14 could follow.

There are currently 311 mineral production sharing agreements, including those of the 98 projects now on the chopping block.

Mines and Geosciences Bureau Assistant Director Danilo U. Uykieng said separately in a telephone interview that results of the MICC review could be used as inputs by President Rodrigo R. Duterte, to whom affected miners plan to elevate their appeal against the DENR sanctions.

"There will be a pool of experts," Mr. Uykieng said.

"Engagement will come from state universities *para wala nang private sector talaga* (so that there will not be any private

sector influence) *para 'yung accountability purely government*," he added, noting that the group will likely be composed of five teams, each with five individuals with expertise in legal, social, economic, mineral development and environmental matters.

Mr. Agabin told reporters separately that the work of the "fact-finding body" that will be formed "will be investigative and (will be) done in a scientific manner..."

"We were thinking, when we discussed it, it should be unbiased

so definitely none from mining companies [will have representatives there]. We were thinking professors... from the academe."

Asked if the review could kick off next month, Mr. Agabin replied: "*Dapat*. I hope so. We're already in the third week of February."

"We will certainly try to start as soon as we can."

The TWG, Mr. Agabin said, should be able to submit its audit plan for approval by the MICC

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INCREASE YOUR BUSINESS INTELLIGENCE

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Experts,
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brass "before March definitely."

The MICC — formed under Executive Order No. 79 signed by former president Benigno S.C. Aquino III on July 6, 2012 to oversee reforms to make miners more socially and environmentally responsible while giving the state a

bigger share in industry revenues — is co-chaired by Finance Secretary Carlos G. Dominguez III and Environment Sec. Regina Paz L. Lopez who head the Cabinet clusters on Economic Development and on Climate Change Adaptation and Mitigation, respectively.

EO 79 also indefinitely extended a moratorium on new mining permits that was put in place the preceding year.

"If you look at the mandate of the MICC, it's supposed to cover all 311 contracts thus far issued. But we are starting with just the

23," Mr. Agabin said, adding that the review of the first batch could take "maybe three months."

Asked how results of this separate audit will be used, Mr. Uykieng replied: "The MICC findings will be an added information for the President to de-

cide if he will consider it..."

DENR has insisted that its crackdown should have minimal impact on the general economy, since mining contributes less than one percent to gross domestic product, but the Chamber of Mines of the Philippines has

argued that share does not include indirect contribution such as mineral processing which is counted as part of the manufacturing sector as well as services miners hire like logistics, shipping, transportation, and telecommunications.

STRATEGIC COMMUNICATION AND INITIATIVES SERVICE

Mining review done in 3 months

BY ANGELA CELIS

THE multi-stakeholder review on the performance of existing mining operations will be conducted over a period of three months but results will only be recommendatory, an official from the Department of Finance (DOF) said.

The Mining Industry Coordinating Council's (MICC) technical review team met last Monday at the Bangko Sentral ng Pilipinas to discuss the composition, scope and process of the review of mining operations, which will be done in consultation with local government units.

Bayani Agabin, finance undersecretary who heads the DOF Legal Services Group, said in an ambush interview with reporters Monday evening that the review will start once there is clearance from the MICC and administrative issues are resolved.

"Obviously, we want to start as soon as possible but we have some constraints. But you know we have to set a target and we believe at this time it's probably reasonable three months. We will certainly try to start as soon as we can," Agabin said.

"We're thinking maybe three months, but there are some administrative issues that we have to resolve also, like the budget, where will be get that budget, so we have to resolve that very soon," he added.

Agabin said the results of the review are only "recommendatory" and are in compliance with existing laws. The sub-committee will give the recommendations to the MICC.

"If you will look at Executive Order 79, the MICC is supposed to do, every two years, a multi-stakeholder review. So that is what we are doing, pursuant to what is mandated by law," Agabin said.

Agabin added the review to be conducted by the fact-finding body will be "investigative and done in a scientific manner."

"We've determined that we need experts to look at the technical, economic and social aspects of the mining operations," Agabin said.

"We were thinking, when we discussed it, it should be unbiased so definitely none from mining companies. We were thinking professors or from the academe. We have some people in mind but we have to talk to them first," he added.

According to Agabin, the review will not yet include the 75 mine sites whose mineral production sharing agreements were ordered cancelled by the Department of Environment and Natural Resources (DENR) last week.

Mining crackdown to worsen poverty

Employers' group says economic implications will escalate to national proportion and hurt economic growth

By Roy Stephen C. Canivel
@roycanivel_INQ

The Employers Confederation of the Philippines (Ecop) said that the crackdown on mining would lead to "expansive poverty" with over a million workers losing their job.

In a statement, the umbrella organization of employers in the country noted that the recent orders of the Department of Environment and Natural Resources (DENR) would cut the support that mining communities currently depend on.

"This will fling the door wide open to expansive poverty with

far-reaching consequences as to even drive the poor to feel oppressed and force them to join radical elements that will threaten the security of the state," said Ecop president Donald G. Dee.

Environment and Natural Resources Secretary Regina L. Lopez ordered earlier this month to cancel 75 mining contracts in pre-development, close down 23 mining firms and suspend five others.

To compensate for losses in revenue and employment, Lopez said she wanted to focus instead on ecotourism.

However, in the meantime

that affected areas shift toward ecotourism, displaced workers would not have alternative sources of income, Dee said.

He also said that this would deal a blow to indigenous communities that host mining projects since stopping the mining activity meant cutting the payment of the royalty share to the IPs.

Citing data from the regional office of the Mines and Geosciences Bureau (MGB), Ecop said that royalty payments by 10 mining firms in the Caraga region alone amounted to P270 million.

"The economic implications will escalate to national propor-

tion that can hurt the country's economic growth", warned Dee, adding that this also would cut the revenue sources of regions affected.

Echoing the sentiment of other members of the business community, Ecop called for due process and transparency regarding the mining audit.

Earlier, Finance Secretary Carlos G. Dominguez III said the orders to suspend or close down 28 mining operations could cost local governments a total of more than P821.13 million a year.

The higher foregone revenues were based on an updat-

ed report of the Department of Finance-attached agency Bureau of Local Government Finance (BLGF) from the earlier estimate of P653.6 million.

Dominguez said the suspension and closure orders would affect 17 cities and municipalities in 10 provinces, namely Benguet, Bulacan, Cebu, Dinagat Islands, Eastern Samar, Nueva Vizcaya, Palawan, Surigao del Norte, Surigao del Sur and Zambales.

According to Dominguez, three municipalities were poised to lose revenues from mining operations that were equivalent to more than half of their current

operating incomes due to the orders earlier issued by the Department of Environment and Natural Resources (DENR).

"Local collections of the affected local government units (LGUs) from mining firms amounted to P340 million, comprising real property taxes (RPTs) of P53.54 million, P263.13 million from business tax, fees, charges and other local charges, and P23.29 million from provincial revenues. The share of the affected LGUs from mining taxes collected by the national government account for P481.17 million," BLGF acting executive director Niño Raymond B. Alvina said. INQ

ECOP sees 'expansive poverty' from mine closures; calls for review

BY RAADEE S. SAUSA

THE Employers Confederation of the Philippines (ECOP) is calling for a review of the decision of by Environment and Natural Resources Secretary Gina Lopez to close and suspend mining operations in the country.

The claims the closures and suspensions of mining operations could lead to "expansive poverty."

In a statement on Tuesday, ECOP president Donald Dee said that the closure and suspension of 28 mines and the cancellation of 75 mineral production sharing agreements (MPSA) by the Department of Environment and Natural Resources (DENR) will "adversely affect

the employment and livelihood of millions of people, including the families and businesses that rely on mining."

Lopez talked about available resources to rehabilitate the mining sites for ecotourism that will generate jobs in "two years," but the 1.2 million people that will lose their jobs will not immediately have any alternative sources of income, he claimed.

"This will fling the door wide open to expansive poverty with far-reaching consequences as to even drive the poor to feel oppressed and force them to join radical elements that will threaten the security of the state," Dee said.

Most of the mining firms, he said, are located in relatively poor provinces in the Visayas and Mindanao.

Since mining companies operate in ancestral lands of indigenous people (IP), the closure and suspension of these mining firms will also halt royalty payments to IPs, ECOP noted. This is equivalent to 1 percent of the gross sales of the mining companies amounting to billions of pesos.

In January 2017 alone, royalty payments by 10 mining firms in the Caraga

region amounted to P270 million, according to the regional office of the Mines and Geosciences Bureau (MGB).

LGUs get a 40-percent share from the 2 percent excise taxes paid by mining companies on their annual gross revenue, the ECOP official said.

In Surigao and Agusan provinces, excise tax payments amounted to P2.1 billion from 2013 to 2015, on data from MGB regional offices showed.

"The economic implications will escalate to national proportion that can hurt the country's economic growth," Dee alleged.

He recommended that transparency and due process be observed in addressing the audit findings on these companies.

STRATEGIC COMMUNICATION AND INITIATIVES SERVICE

Ecop says mine closures to deepen poverty

Dee said that the 1.2 million people affected by mine closures will go hungry and will not be able to wait for the eco tourism jobs that will be available in two years as the DENR estimated. Photo shows ores being loaded in barges in Surigao.



BY IRMA ISIP

THE Employers Confederation of the Philippines (Ecop) is calling for a review of the Environment secretary's, ordering the closure of half of the operating mines saying it will lead to "expansive poverty."

Donald Dee, ECOP president, said the closure of 28 mines and the cancellation of 75 mineral production sharing agreements by the DENR will "adversely affect the employment and livelihood of millions of people, including the families and businesses that rely on mining."

Dee said while DENR secretary Regina Lopez talked about available resources to rehabilitate the mining sites for eco-tourism that will generate jobs in "two years," the 1.2 million people that will lose their jobs will not immediately have any alternative sources of income.

"This will fling the door wide open to expansive poverty with far-reaching consequences that may even drive the poor to feel oppressed and force them to join radical elements that will threaten the security of the state," said Dee.

Most of the mining firms, he said, are located in relatively poor provinces in Visayas and Mindanao.

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of the indigenous peoples (IP), Dee said the closure and suspension of these mining firms will also stop their payment of the royalty share to the IPs.

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In January 2017 alone, royalty payments by 10 mining firms in the Caraga region amounted to P270 million, according to the regional office of the Mines and Geosciences Bureau (MGB).

Consequently, the IPs will also cease to benefit from other programs that are part of the social commitments of these firms, including scholarship, health and sanitation.

Also to be directly hit are the revenues of local government units (LGUs) hosting these mining firms. LGUs get 40 percent share from the two percent excise tax paid by mining companies on their annual gross revenue.

In the Surigao and Agusan provinces alone, this reached P2.1 billion from 2013 to 2015 based on data from the regional MGB offices.

"The economic implications will escalate to national proportion that can hurt the country's economic growth," said Dee.

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LOPEZ SNUBS HOUSE ANEW

Solon urges subpoena for DENR chief if she ignores next hearing

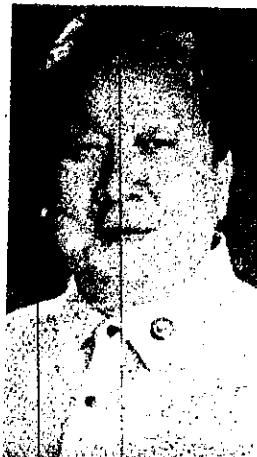
By RYAN PONCE | THE chairperson of the House committee on ecology
PACPACO has hit Environment Sec. Gina Lopez for her seeming
pattern of snubbing congressional invitations. /Page 6



Rep. Estrellita Suansing: "DENR, this serves as your warning, inli-snub ninyo kami. A lot of meetings were set for you. We are even passing laws here for your benefit. You've been ignoring this committee. This will serve as your warning. Don't send somebody who cannot answer questions here. Respect the House of Representatives, most especially this committee."



Rep. Ferdinand Hernandez: "Since this is not the first time the DENR secretary did not attend this committee's hearing, there has to be a strongly worded letter from the chairperson to compel the DENR secretary to attend the next hearing and a warning for a subpoena if she fails again to attend it."



Rep. Lito Atienza: "The panel deserves respect and Lopez should not ignore our invitation. We should demand no less. We invited the secretary."



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LOPEZ...

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Nueva Ecija Rep. Estrellita Suansing, panel chairman, slammed Lopez after she snubbed the committee's recent motu proprio investigation on the adverse environmental impacts of mining operations in the country.

Lopez has ordered 23 firms closed, five others suspended and the mining contracts of 75 companies cancelled for reportedly causing damage to watersheds and siltation of coastal waters and farmlands.

Deputy Speaker and South Cotabato Rep. Ferdinand Hernandez moved that Suansing send a strongly worded letter to Lopez and compel her to attend the next hearing, with a warning that she will be sent a subpoena if she fails to show up again.

"Since this is not the first time the DENR secretary did not attend this committee's hearing, there has to be a strongly worded letter from the chairperson to compel the DENR secretary to attend the next hearing and a warning for a subpoena if she fails again to attend it," said Hernandez.

The panel has moved to send another invitation compelling Lopez to attend the next hearing on March 1, 2017.

The committee members were displeased by Lopez's absence during last week's hearing and her failure to send a representative.

Suansing said there had been three hearings of the committee wherein Lopez failed to honor the panel's invitation.

The hearings were about the proposed Plastic Products Regulation Act, Mandatory Environment Insurance Coverage, and lately the motu proprio investigation into the adverse impacts of mining operations in the country.

Suansing said the funding from the Mandatory Environment Insurance Coverage will go to the DENR.

"DENR, this serves as your warning, iniisnub ninyo kami. A lot of meetings were set for you. We are even passing laws here for your benefit. You've been ignoring this committee. This will serve as your warning. Don't send somebody who cannot answer questions here. Respect the House of Representatives, most especially this committee," said Suansing.

House senior Deputy Minority Leader and Buhay Hayaang Yumbong (Buhay) party-list Rep. Lito Atienza said the panel deserves respect and Lopez should not ignore their invitation.

"We should demand no less. We invited the secretary," said Atienza, a former secretary of the DENR.

Sorsogon Rep. Evelina Escudero urged that Lopez be present especially in the committee's hearing since the Cabinet official has been in the news the past days about mining permit cancellations.

The Mines and Geosciences Bureau (MGB) director sent a representative in the person of Engr. Rodolfo Velasco, chief of the Mine Safety, Environment and Social Development Division.

Velasco said he is a representative of the

MGB director and not the DENR secretary. He added that their division is in charge of implementing the environmental provisions of the Mining Act.

Misamis Occidental Rep. Henry Oaminal said Velasco is a division chief, not even a director.

While Velasco's capacity and integrity as a division chief is probably exemplary, Oaminal said the committee deserves the attendance of no less than the DENR secretary or the undersecretary in charge of mining operations.

Oaminal said among the things he had wanted to know are the mining violations of companies in light of newspaper reports that there were show cause orders, cancellations, and suspensions of mining permits/operations made by the

DENR. He said he agrees with the statements of Hernandez and Atienza that to proceed with the day's hearing will only be wasting the time of lawmakers who have hectic schedules.

"I therefore move to postpone this hearing and extend another invitation, a diplomatic invitation, to the DENR secretary that if and when she will still snub it, that may warrant a subpoena," said Oaminal.

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LOPEZ SNUB OF HOUSE HIT

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By Ryan Ponce
Pacpaco

THE chairperson of the House committee on ecology has hit Environment Secretary Gina Lopez for her seeming pattern of snubbing congressional invitations when her presence is very crucial and vital to the hearings held by the panel.

This was the statement of Nueva Ecija Rep. Estrallita Suansing, the panel chairman, after Lopez, who is under fire over her order to close and suspend mining firms, did not attend the committee's recent motu proprio investigation into the adverse environmental impacts of mining operations in the country.

Lopez was behind the closure of 23 firms and suspension of five others while the mining contracts of 75 companies have been cancelled for reportedly causing damage to watersheds and siltation of coastal waters and farmlands.

Deputy Speaker and South Cotabato Rep. Ferdinand Hernandez moved that Suansing send a strongly worded letter to Lopez and compel her to attend the next hearing, with a warning on a subpoena if she fails to show up again.

"Since this is not the first time the DENR Secretary did not attend this committee's hearing, there has to be a strongly worded letter from the chairperson to compel the DENR Secretary to attend the next hearing and a warning for a subpoena if she fails again to attend it," said Hernandez.

The panel has moved to send another invitation

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LOPEZ HIT FOR SNUB



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Suansing said there had been three hearings of the committee wherein the secretary of the Department of Environment and Natural Resources (DENR) did not honor the panel's invitation.

She said these were about the proposed Plastic Products Regulation Act, Mandatory Environment Insurance Coverage, and lately the motu proprio investigation into the adverse impacts of mining operations in the country.

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House of Representatives, most especially this committee," said Suansing.

House senior Deputy Minority Leader and Buhay Hayaang Yumabong (Buhay) party-list Rep. Lito Atienza said the panel deserves respect and Lopez should not ignore their invitation.

"We should demand no less. We invited the Secretary," said Atienza, a former secretary of the DENR.

Sorsogon Rep. Evelina Escudero said she also wanted to request that Lopez be present especially in the committee's hearing since the Cabinet official has been in the news the past days about mining permit cancellations.

"I would like to reiterate Rep. Atienza's statement that if the person present here today would not be able to answer our questions regarding the mining sector, then this is a useless hearing," said Escudero.

The Mines and Geosciences Bureau (MGB) Director sent a representative in the person of engineer Rodolfo Velasco, chief of the Mine Safety, Environment and Social Development Division.

Velasco said he is a rep-

resentative of the MGB Director and not the DENR Secretary.

He further said their division is in charge of implementing the environmental provisions of the Mining Act.

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STRATEGIC COMMUNICATION AND INITIATIVES SERVICE

Gina told: Look into own backyard

SURIGAO Rep. Ace Barbers on Tuesday urged Environment Secretary Gina Lopez to go after the environment officials who approved the contracts of 75 mining firms and allowed them to operate near watersheds and to foul the environment.

He said Lopez must retreat, investigate and prosecute those officials responsible for her decision to decide to close the 75 mining firms without due process.

"She must be unforgiving not

only to the erring mining firms but also to those DENR people who committed irregularities and corrupt practices by extending and approving the contracts that allow them to operate near watersheds," Barbers said.

He made his statement after Lopez decided to cancel the contracts of the 75 mining firms whose operations reportedly damaged watersheds and caused the siltation of coastal waters and farmland.

Barbers made his statement even as an official said a technical working group will recommend to the Mining Industry Coordinating Council before March this year the start of a review of mining operations in the country.

Finance Undersecretary Bayani Agabin said that, if approved

by the Cabinet-level MICC, a review team would start with the 23 mining companies previously ordered closed by Lopez.

"If you look at the mandate of the MICC, it's supposed to cover all 311 contracts thus far issued, but we are starting with just the 23," Agabin said.

"We will recommend to the MICC [to start the review] and it's up to the MICC what they want to do."

Meanwhile, Global Ferronickel Holdings Inc. said Tuesday its wholly-owned subsidiary Platinum Group Metals Corp. on

Monday received a Show Cause Notice from the Environment Department ordering it to explain why it should not be held liable in violation of Section 71 of the Mining Act on the creation and deposit of a mine rehabilitation fund.

In a disclosure to the stock exchange, FNI said PGM had only deposited P56.5 million out of a commitment of P1.26 billion for the Final Mine Rehabilitation and/or Decommissioning Plan.

"The letter is neither a closure nor a suspension order," FNI

said.

"The P1,259,670,677.00 has no basis. Based on the DENR's records, the Fund Commitment of PGM is only P74,593,674."

The Philippine Mining Act of 1995 says a mine rehabilitation fund shall be created based on the contractor's approved work program, and will be deposited as a trust fund in a government depository bank and used for the physical and social rehabilitation of the areas and communities affected by mining activities.

Maricel V. Cruz, Julito Rada and Anna Leah F. Gonzales

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THE PHILIPPINE STAR

TRUTH SHALL PREVAIL

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STRATEGIC COMMUNICATION AND INITIATIVES SERVICE

By RHODINA VILLANUEVA

The Department of Environment and Natural Resources (DENR) is set to develop mined-out areas into eco-tourism zones that would help rehabilitate the mining sites and provide livelihood to affected communities.

Environment Secretary Gina Lopez said they are now looking at areas that have big potential for becoming eco-tourism sites, consulting with community members on the transition.

"In fact, we already identified 13 towns in Dinagat and Surigao that can be developed as such. We call this 'mine sites revegetation,'" Lopez said during a discussion with The STAR editors and reporters yesterday.

DENR Undersecretary Philip Camara said the area would be treated as one eco-tourism site, just like what is being done in Palawan, which has many tourist destinations.

He said it is more beneficial to divert the sites' orientation because eco-tourism gives better quality jobs.

This way, he added, 95 percent of the income will go to the affected communities as opposed to the mining business where the bulk of profits goes to investors.

"And then it flows into health and wellness products because of the biodiversity in the areas. This is a process of mitigating the impact of the decisions the government or the DENR is making," he added.

Aside from community discussions, the department is now consulting scientists on what can be harvested from a rainforest.

"Rehabilitation or re-vegetation stimulates a green economy. For every 100 hectares, it will create 1,000 livelihoods. For example, we can have agriculture wastes converted into biochar as one form of livelihood," Camara said.

The DENR, he added, is now talk-



*'Eco-tourism
an alternative
to mining'*

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Environment
Secretary Gina
Lopez talks
to The STAR
yesterday.
JESSE BUSTOS

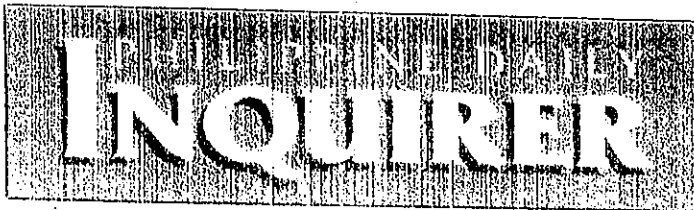
ing with the Departments of Labor and Employment and of Social Welfare and Development to provide jobs or livelihood incentives, like an emergency employment program, for those affected by the order to close some mining firms in the country.

Lopez said the DENR can also help mining firms in using the Social Development and Management Program (SDMP) fund so it would benefit more people, adding that some communities were able to make a P1-million capital grow to P30 million in just one year.

Lopez stressed that she doesn't just issue closure orders for erring mining firms, but also looks at plans to invest in the area and help residents become productive.

The DENR earlier ordered the closure of 23 mining companies and the suspension of five others. At least 13 mining firms passed the audit.

Lopez said the affected firms could appeal the decision before the Commission on the President. —With Lopez by Simeon Catherine Talavera



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STRATEGIC COMMUNICATION AND INITIATIVES SERVICE

GINA: SOLONS OFFERED P50M TO DUMP ME

By Erika Sauler
@erikaINQ

Environment Secretary Gina Lopez alleged on Tuesday that congressmen were offered P50 million to vote against her confirmation after she ordered the closure of 23 mines and the scrapping of 75 mining contracts affecting watershed areas.

Lopez did not say who was specifically bribing which congressmen, or divulge the source of her information.

But she said: "I know it might affect my confirmation of appointment because I know that mining funds political campaigns."

Let the dice fall

Lopez was a guest at a gathering by members of the Rotary Club of Makati, where she showed photos of the watersheds and river basins near the mining sites.

"I was told every congressman was offered P50 million if they voted against me. Well, people talk. Let the dice fall where it may," Lopez said. "I don't know what's going to happen, so I might as well do what I have to do. Politics is so messy."

Lopez is scheduled to go before the Commission on Appointment's committee on environment and natural resources on March 1 for a confirmation hearing.

In an interview with reporters, Lopez claimed she spoke to President Duterte on Monday and that he backed her closure order.

Supply chain

In reaction to an export group's concern that the crackdown would hurt the supply chain of raw materials, Lopez said irresponsible mining also killed the supply chain.

"They're talking about the supply chain of their gold. What about the supply chain of biodiversity, of agriculture, ecotourism, they also have supply chains," Lopez said.

"Which supply chain can give the greatest economic benefit, one based on saving and nurturing our resources or the extractive industries that 95 percent go out of the local economy?" she said.

"If you adversely affect water supply, that's bad for the economy. Water is life. The law does not make the watershed a watershed. If a place functions as a watershed and it supplies water to a community, then don't mine there," she said.

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"WHEN MINING PROBLEMS GET TOO BIG" PAGE 1/2

When mining problems get too big, catch water?



Michael Makabenta Alunan

ON THE CONTRARY

WHEN a problem gets *too big*, the solution is to proverbially douse it with water just like what you do in stopping a fire from spreading.

"Mine your business?" The drastic sweeping reforms imposed by Environment Secretary Regina Paz Lopez is a welcome development to many, more so among environmentalists, but is also causing headaches to President Duterte. Lopez has ordered the closure of 23 mining firms, the suspension of five more with a six-month deadline to shape up and the cancellation of 75 mineral production sharing agreements (MPSAs).

The mining industry has, indeed, overmined our resources and undermined our laws, but are now facing their nemesis and match in Lopez, a scion of a wealthy family who has the mind, the heart and the true grit or guts to push for reforms.

For minding their mining businesses and hitting strong and hard, it is likely some interlocking interests close to some Cabinet people, representatives and senators got hurt. Thus, Lopez's confirmation was blocked, although she got reappointed by Duterte, who has wavered a bit owing to her drastic, wholesale and decisive actions. Meanwhile, mining firms are considering filing graft charges against her.

Duterte's dilemma over Lopez. No

one could deny Lopez's facts over the environmental damage and the long-term social havoc caused by mining. Her only "fault" is that she did it one time, big time wholesale.

She should have differentiated between strategy and tactics, without losing track of her goals and mission. Simply put, she should have done it in phases, while simultaneously implementing programs, like agri-tourism and ecotourism, or the adoption of Australian/Canadian responsible mining methods and technologies.

However, if she does it phase by phase, she may be accused of selective favoritism, which puts her in a dilemma as the law must be applied equally to all. Duterte is also in a dilemma amid the opposition from some of his supporters in the Cabinet, Congress, and in business. Thus, Duterte issued a statement saying what Lopez did was a mess.

Lopez's wholesale action has forced mining firms to gang up on her, and it's admirable that she still strongly stands pat on what she claims is truthful or factual, what is rightful and what is for the common good. Her transparency and integrity are her strong points, but in

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How Mining Programs Got Too Big

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politics these are not good enough. She, therefore, needs the support of Duterte, who has the political will, knows strategy and tactics, is familiar with astute political strategists from history like Machiavelli and Sun Tzu, and plays with hyperboles by dishing out white lies or three incorrect statements out of five that he says. While we detest Duterte's human-rights records, he needs the support to make it easy for him to back up fully Lopez's actions.

But what they say is not what you see. Mining firms may drumbeat their contributions to the economy, employment and to government revenues, as well as complain about who is going to repay them for their billions of lost investments, actual losses and lost opportunities.

But for Lopez, apart from her impassionate speeches, she believes losing the mining industry is worth the gamble, as it is not really contributing much anyway with its gross value-added averaging only about 0.65 percent of GDP for 2012-2016, and this already includes nonmetallic mining. If you collapse the entire industry, it will affect only less than 1 percent of the economy. Moreover, it shares only about 5 percent of total exports, and accounts for about 0.6 percent of total employment.

What is also going around social media are actual video footages of the massive destruction that is happening on the ground. On the argument that to see is to believe, what the miners are saying are no match to what people can see from the videos.

Without alternatives, actions won't hold water. Nonetheless, there are valid issues that need to be addressed immediately because stopping mining operations drasti-

cally in compliance with environmental laws, but without establishing ready program alternatives, may be worst as such an approach does not hold water figuratively.

Building livelihood alternatives is crucial and can take time, but what people need are instant but significant jobs on a mass scale, similar to what US President Franklin D. Roosevelt did at the height of the 1930s Great Depression, when he created 4 million jobs in a month's time, equivalent to over 10 million today, says a book by Nick, titled *When FDR put the Nation to Work*.

These were productive jobs, where by millions of jobless illiterates underwent basic literacy and numeracy skills training from carpentry, plumbing, electrical, etc., then tasked to create physical wealth by building roads, farm silos, bridges, hospitals, etc. The basin is the catch? Lopez's agri-tourism and ecotourism thrusts are good, but before they can prosper what is necessary is a prerequisite program that can generate productive jobs instantly as she lays down the foundations for her goals.

One vital and viable program is the building of thousands of catch basins in these mining areas and other mountain barangays. For one, these catch basins can harness rainfall for irrigation. Second, they can be a source of water for household use. Third, surrounding areas become more fertile for agriculture, vegetable gardening, mini forestry or orchard fruit tree farming. Fourth, they can be used to raise fish. Last, they are an effective climate-adaptation strategy that prevents not only soil erosion but downstream floods.

E-mail: mikealunan@yahoo.com

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STRATEGIC COMMUNICATION AND INITIATIVES SERVICE

Editorial

The unintended consequences of Lopez's mining shutdown

ON Monday, the Department of Finance reported that should the recent order of Environment Secretary Gina Lopez be fully implemented—to wit, the closure or suspension of 28 mining operations—the financial loss to local governments across the country will exceed P800 million.

The exact figure, P821.13 million, is higher than an earlier estimate of P653 million, and is based, the DOF said, on a 100-percent accounting from the 17 affected cities and municipalities in 10 provinces.

Significantly, the income loss does not include the potential income from mineral production sharing agreements (MPSAs), 75 of which were canceled by Lopez in a second order; the foregone revenues from those very likely could be worth billions of pesos.

What is particularly alarming about the financial data presented by the DOF is that three municipalities, all in otherwise impoverished areas, will lose more than half of their operating income. Carrascal, Surigao del Sur, will lose P198.3 million, or 62.3 percent of its total operating income; Tagana-an in Surigao del Norte will lose P70.3 million, or 54 percent of its income; and the municipality of Tubajon in the Dinagat Islands will lose P38 million, which amounts to 55.4 percent of its total operating income.

Under the 1995 Mining Act, local governments benefit from mining in their jurisdictions through real property taxes, local business taxes, mayor's permit fees, regulatory and administrative fees, and occupation fees. The local government units are also entitled to a share of mining taxes collected by the national government; the loss for this alone will amount to P481.17 million. In addition to all these income streams, the provinces where mining operations are located also collect governor's permit fees, environmental fees, taxes to offset soil depletion, and where applicable, processing permits for sea vessels to carry away mined ore.

It should be emphasized that the financial loss is not a one-time charge against local budgets, but is an annual shortfall that will burden local governments unless and until something replaces mining as an income source.

Lopez's contention in defending her moves to largely eliminate mining in the Philippines has been based on two essential points: First, that mining, at least as far as the now-closed or suspended operations are concerned, causes an unacceptable level of environmental damage; and second, that local communities do not receive the economic and social benefits to which they are entitled as a fair return for hosting mining operations. Lopez refers to this second notion as "social justice."

The details from the DOF beg the question, what sort of "social justice" is represented by removing the biggest source of revenue from local governments in some of the poorest areas of the country, as well as their potential income from future mining activities? The mining shutdown may actually be based on compelling reasons that are a matter of greater national interest, but these consequences of the action are in no way acceptable, and are in stark contrast to President Rodrigo Duterte's often expressed objective to spread economic growth equitably throughout the entire country.

Before the final decision to carry out Lopez's orders is made, it is the inescapable duty of the Duterte administration to develop an economic plan, one that can be carried out with immediate positive effect, to provide the affected local governments and the citizens under their care with sustainable alternatives to the lost mining revenue. It is the duty of the administration precisely because President Duterte supported his environment chief's controversial move; the easy way out would have been to simply repudiate it.

In that sense, the administration may consider it a positive challenge to put its money where its mouth is, as the saying goes, and start now to implement policies that uplift poor communities without causing further harm.

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STRATEGIC COMMUNICATION AND INITIATIVES SERVICE

EDITORIAL

Mining review

It's the classic case of putting the cart before the horse.

Closure of mining facilities or the cancellation of their operations should have only come after a thorough review by the designated state regulatory authority.

Which is the exact opposite of what happened to the industry recently.

But it is always better late than never—never mind the damage done to the industry.

It is water under the bridge now; there is no use crying over spilled milk.

And so the multi-stakeholder team of the Mining Industry Coordinating Council has proposed a three-month review of the operations of 23 mining firms ordered closed by the Department of Environment and Natural Resources.

Finance Undersecretary Bayani Agabin said members of the team, which had their first meeting Monday, had agreed on the "composition, scope and process by which we will undertake the review."

"No programs (yet but) essentially the matter by which we will undertake the review," he told members of the media after the review team's meeting that finished Monday night.

Agabin, the Department of Finance's Legal Affairs head and in charge of the Domestic Finance Group, said they planned to start the review by March but the team must first get the approval of the MICC on administrative issues as well as on the budget.

"We will certainly try to start as soon as we can," he said.

Agabin said the team planned to get experts from academe but decided to exclude those from mining companies as part of the review team. He, however, declined to give names as they have yet to talk to these people.

He said the study will be "done in a scientific manner" and will take into account the "technical, economic, and social aspects of the mining operations."

He said any decision on mine site visits would depend on the review team.

Results of the fact-finding measure would be submitted to the MICC and recommendatory in line with Executive Order 79, which established the MICC, he said.

Agabin said MICC was mandated to conduct review of the country's mining operations every two years, thus, the team and the MICC, as a whole, would respect the DENR orders.

Asked what the team's decision would be if its audit had different results than that of the DENR, the DoF official said: "I do not know if there is a mismatch."

"We'll just have to see what the review team comes up," he said.

The review would not include the cancellations of 75 mineral production sharing agreements of sites that were within watershed areas, he said.

Agabin added that they had not decided when the next meeting of the review team would be.

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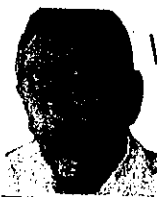
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STRATEGIC COMMUNICATION AND INITIATIVES SERVICE

Mining in the Philippines

I REMEMBER
propos-
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that mining



VIEWS FROM
A BRIT

**MIKE
WOOTTON**

companies provide funding for measures to allow the monitoring of mining activities potentially harmful to the community or the environment. The proposal was not at all popular. Mining, during that particular form, was seen at the very least "the work of the devil himself". Shortly after that eye-opener, I became involved in an inter (foreign) government oversight group tracking foreign mining investment in the Philippines. Our goal was to ensure that foreign investor miners carried out their activities in a transparent and socially responsible way. Sometime after this, the fledgling Extractive Industries Transparency Initiative (EITI) paid a visit intending to ask the Philippines to join their organisation, which it did.

The operations of mining companies can be a highly emotive topic. Big money is involved and a wealth of job opportunities, at least while the commodities markets favour the mined product. Once the commodity price falls, the mines will often close down and everybody laid off. The EITI has worried a lot about corruption in the mining industry, and not without some justification. It also worried about safety standards — mining operations are dangerous, just look at the collapse of the opencast Semirara coal mines. They collapsed twice, in 2013 and 2015, killing about 15 people. Yet it still continues to operate.

Open-cast mining is almost bound to be a blot on the landscape. The results are huge apocalyptically barren areas and fatally compromised watersheds. The environmental impact of mining includes erosion, formation of sinkholes, loss of biodiversity and contamination of soil, groundwater and surface water by chemicals from mining processes. By its very nature, the mining process is most likely to negatively impact the environment.

Massachusetts Institute of Technology (MIT) has produced a table summarising many of the effects of contaminants released during risk events in mining operations, but these are not all;

Mining is necessary to feed industries that produce things essential to economic development. The Philippines is the world's biggest producer of nickel ore. Without nickel, there would be no stainless steel, food preparation equipment, mobile phones, medical equipment, transport, buildings, power generation and so on.

The question is how to continue to extract vital natural materials whilst protecting the environment and public health. Unless and until better technology is available for mining, particularly open cast, the only way to mitigate negative environmental effects is to ensure and enforce environmental rehabilitation, both during and after mining operations cease. Despite that, there will be temporary effects on biodiversity systems and watershed maintenance and the risk events will still be latent.

To get an Environmental Compliance Certificate (ECC) for open-cast mining in the Philippines requires the preparation of an environmental management plan, showing that proposed operations will not significantly affect the environment and that mitigation measures will be undertaken; flattening waste material dumps, filling in excavations, treating ground water and restoring biodiversity systems. All are summarised in a final mine rehabilitation and commissioning plan submitted after the grant of an ECC. (Although it would make more sense to include this as a part of the ECC application!)

There is a particular problem, however, attached to this, which is, of course, corruption. Since the cost of professionally rehabilitating open-cast mine activities is prohibitive, especially if some of the rehabilitation is done during the operations, some companies may prefer not to honour these obligations. The answer to this must be enforcement of adherence to the rehabilitation plan, and that enforcement must be honest and unable to be influenced by any corrupt activity. But environmental degradation is not the whole issue, there are important safety issues to consider as illustrated by the Semirara cases.

The Philippines is comparatively rich in natural resources. However, they remain underutilised for many reasons, not just environmental and safety related issues. These natural resources should be monetised in order to produce a significant and necessary improvement to the national economy, provided that such development is done in a responsible, open and transparent way.

What plagues the mining industry likewise plagues many other sectors in the Philippines such as the uncertainty of rules and regulations, the frequently inappropriate bureaucratic barriers, the relative ease with which good rules are disregarded, the politicking that surrounds every activity and the lack of true professional competition.

So yes, the Philippine mining sector should develop further. Its growth will be good for the economy. But if the country wants to achieve advanced economic status, whilst at the same time nurturing a more egalitarian society, those tasked with oversight of the mining sector should simplify the rules and enforce them vigorously, ensuring that they are not swayed from the path towards responsible and transparent mining operations. It's

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STRATEGIC **CTalk**

TIATIVES SERVICE

By CITO BELTRAN

Gollum in the mines

I always thought that "Gollum" was a fictional character and in no way reflects or resembles any person in real life. That was until I learned about the unsavory characters within the mining industry and just how low they would go to keep their "precious" way of life in the bowels of the earth.



"Gollum" as many know, was the original owner of the Third and last Ring of Power in Tolkien's literary trilogy. It gave whoever wore the ring the ability to disappear and act stealthily, to move about unseen and unexpected much the same way that Black Ops people from the mining industry have been working to discredit and destroy the reputation of DENR Secretary Gina Lopez. The problem with the Ring of Power is that it possesses the soul and mind of whoever has the ring for too long, much like some people in the Mining Industry whose minds have been possessed by the wealth they have amassed and who like Gollum are willing to "kill" or destroy anyone who takes away their "precious" from them. They are also very sure that they can conduct Black Ops or black propaganda against Secretary Lopez without being seen.

Last week one of those possessed souls sent me an email referring to a court case involving a MINOR namely Regina Lopez. This was supposedly a case in the very start of the 1970's Martial Law era. The sender would have us believe that Regina had a troubled past, perhaps a drug history and dealings with a controversial Yoga sect. The fact that someone would dig up a person's childhood issue, share it with members of the media as a tip or "fake news" in the hopes that someone would pick it up and go to town with it is SICK. How low would you go "Gollum" and how low do you think of us in the media?

The fact of the matter is that the case file has no bearing on Gina Lopez's ability and qualification to be Secretary of the DENR or her decision to deal with illegal, corrupt or fly by night mining firms owned by politicians, retired generals all with the surname "Gollum" written in their hearts. Gina Lopez has shown more courage and more sense than many people who have gone before her.

While I can "understand" the behavior of "Gollum's Sons" because its all about business, I find it tragic that certain PR or public relations people as well as members of Congress would sell out their dignity and patriotism and join forces with Gollum to destroy Gina Lopez the Crusader. As "Heneral Luna" pointed out in the movie: Pera, Pamilya O Bayan? We can excuse or understand a prostitute for selling her body to feed her family. But a pimp? There is no excuse for that. Even Gollum is not that low.

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STRATEGIC COMMUNICATION AND INITIATIVES SERVICE

LGUs to lose P821M from mine closures

THE order of the Department of Environment and Natural Resources to either shut down or suspend the operations of 28 mine sites across the country will cost 17 affected cities and municipalities in 10 provinces over P821 million annually in foregone revenues, according to updated estimates submitted to the Department of Finance.

DOF Secretary Carlos Dominguez III, who earlier directed local treasurers to submit their respective reports on the complete revenue impact of the DENR closure and suspension orders on host local government units, told the media that three of the municipalities will lose revenues representing over 50 percent of their current operating income if the affected mine sites are shut down or forced to suspend operations.

"One is the municipality of Carrascal (in Surigao del Sur), then you have Tagana-an (in Surigao del Norte), and Tubajon (in Dinagat Islands)," said Dominguez in a recent media forum.

The updated estimates submitted by the Bureau of

Local Government Finance to Dominguez show Carrascal will lose P198.3 million of its mining revenues, which represents 62.3 percent of its total operating income, while Tagana-an will lose P70.3 million or 54 percent of its total operating income. Tubajon will shed P38 million, or 55.4 percent of its total operating income if the DENR order is implemented.

The Mining Industry Coordinating Council co-chaired by the DOF and DENR met last Feb. 9 to discuss the closure and suspension orders, and issued a resolution emphasizing that due process will be observed in assessing the status of mining operations in the country.

A multi-stakeholder team was also formed by the MICC to "review existing mining operations in consultation with the LGUs."

The review shall be based on "the guidelines and parameters set forth in the specific mining contract and in other pertinent laws, taking into account the valid exercise of the State's police power to serve the common good of the poor," the MICC resolution likewise read.

PILIPINO

MIRROR

• SALAMIN NG KATOTOHANAN •

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TRABAHO SA MINING KAKARAMPOT LANG - OBISPO

KAUNTI lamang ang trabahong nilikha ng mining industry sa bansa.

Ito ang inihayag kagapon ni Manila Auxiliary Bishop Broderick Pabillo taliwas sa pahayag ng Chamber of Mines of the Philippines na marami itong naibigay na trabaho sa mahihirap.

Ayon kay Pabillo, chairman ng Catholic Bishops' Conference of the Philippines-Episcopal Commission on the Laity (CBCP-ECL), contractual din ang ibinibigay na trabaho ng mga kompanya ng minahan.

Aniya, kakarampot ang trabahong nalikha mula sa mining industry at hindi lahat ng pinangakuan ng hanapbuhay sa mga komunidad ay nabibigyan dahil ilan lamang ang nakikinabang.

"Sa ganyang sinasabi nila, palaging sinasabi marami ang mawawalan,

samantalang kakaunti lang naman ang mawawalan ng trabaho at puwedeng hanapan ng paraan upang magbigyan ng trabaho, kaysa masira ang kalikasan natin, at ang palaging pangakit nila na magbibigay ng trabaho kakaunti lang naman ang mga ibinibigay," anang obispo sa panayam ng church-run Radyo Veritas.

Una nang inihayag ni Pangulong Rodrigo Duterte na hindi niya pababayaan ang mga manggagawang mawawalan ng hanapbuhay sa pagpapasara sa mga minahan.

Sa pagsusuri ng pamahalaan, 234,000 trabaho lamang ang nalikha ng mining industry kumpara sa 4.7 milyong trabaho na naipagkaloob ng turismo simula noong 2004.

Patuloy na naninindigan ang mga lider ng Simbahang Katolika na tama ang desisyon ng De-

partment of Environment and Natural Resources (DENR) na kanselahin ang mining permits at ipasara ang mga minahan na lumalabag sa mga environmental law.

ANA HERNANDEZ

79% of gold mined in PH smuggled to HK: \$4.2B or P200B from 2005-2015

Mostly during previous BS Aquino regime

BY RIGOBERTO D. TIGLAO
Columnist

THE mining industry's claims of its contribution to the economy aren't all correct, among other reasons, because of one important phenomenon: There has been massive smuggling of gold not only because of a corrupt bureaucracy, but because our borders in

Mindanao, a major mining area, are so porous.

In short, the country's precious metal gold, is being stolen, and this is possible because we are a weak state, we are unable to stop it. That's the core problem we face in the mining industry.

According to data from UN Comtrade, or the United Nations International Trade Statistics Database, Hong Kong reported that \$5.3 billion of

►TiglaoA6



MUCH OF THEIR OUTPUT SMUGGLED TO HONG KONG: Child miners pan for gold in Mt. Diwalwal in Mindanao, innocently using poisonous mercury and cyanide.

gold were imported from the Philippines from 2005 to 2015. The Philippines though reported only \$1.1 billion exported to the territory in the same period.

The discrepancy of \$4.2 billion, or 79 percent of gold value reported by Hong Kong, approximates what was smuggled out of the Philippines. In peso terms, this amounted to P200 billion. The bulk of this smuggling, or 86 percent, occurred during President Aquino's term.

(See technical note below for an explanation on how these figures were derived from the UN data.)



**RIGOBERTO
TIGLAO**

The data show that gold smuggling started only in 2005, but rose to huge amounts during the administration of former President Aquino, when more than two dozen Chinese companies rushed into the gold mining industry in the country. Aquino's Liberal Party

and its 2016 candidate Mar Roxas were known to be close to several miners, and were very supportive of the mining industry.

During the 2016 election campaign, Roxas used a lot of the helicopters and small planes of Eric Gutierrez, the owner of San Roque Metals (SRMI), one of the largest mining firms in the country. Congressman Edgar Erice, the LP spokesman, was also for a time SRMI's chairman.

Because of the huge smuggling, gold had fast become one of Hong Kong's biggest imports from the

79% of gold mined in PH smuggled to HK: \$4.2 billion or P200 billion from 2005-2015

Philippines, accounting for 11 percent of its total gold imports from 2011 to 2015.

A November 2012 investigative piece in the region-wide news site Asian Sentinel entitled "China's Filipino Gold Rush," reported:

"A vast and growing river of gold, much of it illegal, is being mined in the Philippines by Chinese companies and is pouring into Hong Kong before most of it is transshipped into China. Chinese mining companies, many of them operating illegally, have been exporting gold, nickel and other precious minerals out through the island country's porous coastal ports, where there are no customs officials and plenty of bribable officials to turn their eyes the other way."

The British news agency Reuters earlier, in August 2012, in an article entitled "Philippines' black market is China's golden connection," reported: "Traders and officials say it looks like much of the gold is going to Hong Kong, the main conduit for gold flows into China."

The Reuters article also pointed out: "Hong Kong's top source of gold imports from 2005 to 2010 was the Philippines, official data from the Chinese territory shows... Official statistics in the Philippines, reflecting legal exports, show gold exports to Hong Kong in 2010 and 2011 at just around 3 percent of the total volume recorded by Hong Kong authorities."

The Reuters and Asian Sentinel reports were ignored by the Aquino government, and no investigation was ordered. The UN Comtrade data show that from \$590 million in

2012, smuggled gold even increased to \$716 million the next year.

The Bangko Sentral ng Pilipinas requires that 60 percent of gold export proceeds be sold to it, for the foreign exchange to be part of our international reserves. With \$4.2 billion smuggled, and therefore not sold to the BSP, the country lost about \$2.5 billion in foregone foreign exchange.

Maybe even worse, gold sales are imposed a 5 percent withholding tax and a 2 percent excise tax for a total of 7 percent in taxes. With P222 billion smuggled and therefore unreported, government lost P14 billion in foregone taxes.

The mining industry spokesmen have been claiming that it is small miners, especially those in Mount Diwalwal in Compostela Valley in Mindanao, that have been smuggling the gold.

Sources, however, explained that such small miners—mostly poor and illiterate—sell their gold to traders, who then turn these over to Chinese-affiliated firms which have the connections to ship these to Hong Kong. A significant part of the smuggled gold is shipped to Hong Kong through our ports, but undervalued, with the connivance of corrupt customs officials.

The mammoth smuggling of gold together with Duterte's clampdown, through his determined environment and natural resources secretary Gina Lopez, on erring mining firms is worrying.

The stakes are so huge that there are now billions of reasons for removing Duterte as early as possible,

by hook or by crook.

Technical note

The estimates on gold smuggling in this column are based on data from the UN Comtrade, specifically those on the trade in gold between the Philippines and Hong Kong (international product code 7108).

UN Comtrade provides two sets of data. The first set has the value of gold imports from the Philippines, as reported by Hong Kong authorities. The second set of data has the value of gold exports to Hong Kong as reported independently by our government. Imports by mainland China of gold from the Philippines have been insignificant.

To compare the two sets of data, economists use various formulas, the simplest of which involves reducing the import value by 10 percent to account for the cost of freight, insurance and other shipment costs. The difference between the reported value of Hong Kong's gold imports, less freight and insurance and other costs, and the Philippine reports of its exports to Hong Kong represents the estimates of smuggled, i.e., unreported gold. While certainly not 100-percent accurate, because of time lags in reporting, economists use this method to approximate the scale of smuggling between the two countries.

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The Manila Times

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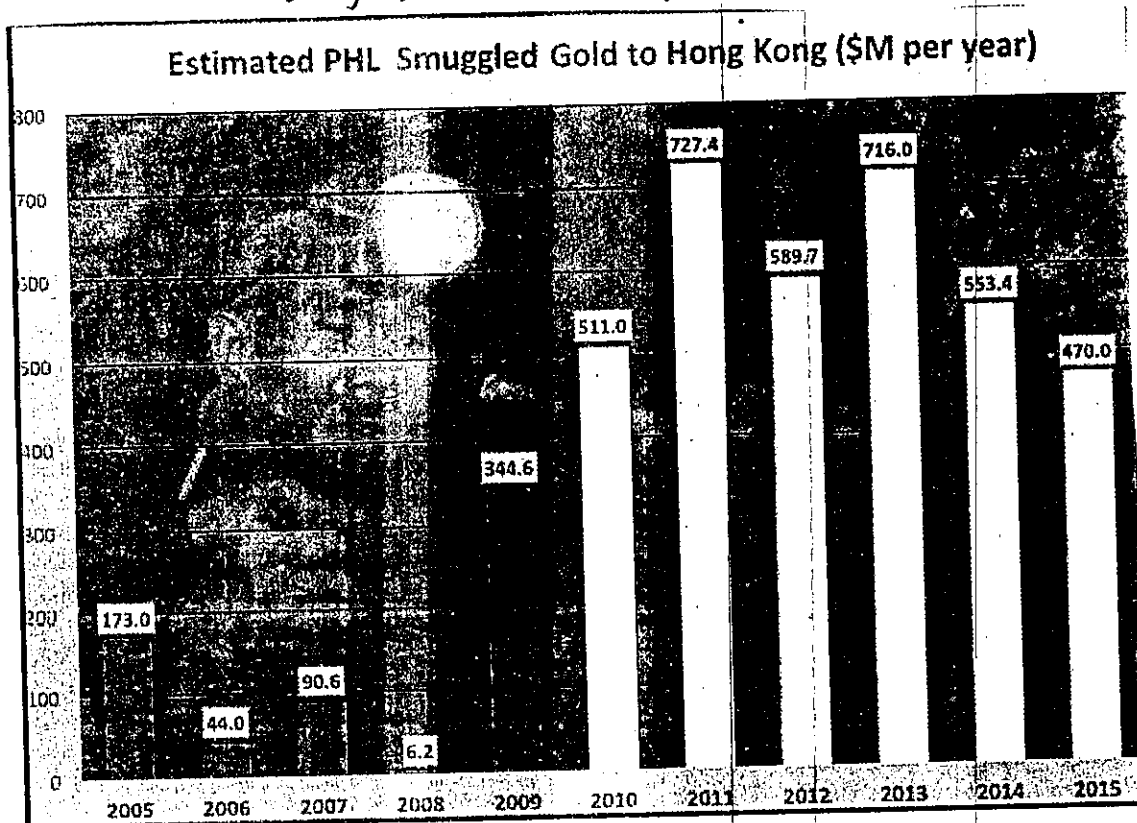
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79 % of gold mined in PH smuggled to
HK: \$ 42 billion vs P 200 billion from 2005 - 2015



Gold smuggling surged during Aquino administration. COMPUTE FROM UN COMTRADE DATA

NOT CLOSURE ORDER

Platinum says DENR questioned its area rehab fund

GLOBAL Ferronickel Holdings, Inc. (FNI) said that its subsidiary, Platinum Group Metals Corp. (PGMC) already received the show cause notice (SCN) from the Department of Environment and Natural Resources (DENR) to explain why it should not be liable in violation of Section 71 of the Mining Act but clarified that it is neither a closure nor a suspension order.

"Pursuant to the provision of Section 71 of Republic Act No. 7942, the Philippine Mining Act of 1995, a mine rehabilitation fund shall be created, based on the contractor's approved work program and shall be deposited as a trust fund in a government depository bank and used for physical and social rehabilitation of areas and communities affected by mining activities and for research on the social, technical and preventive aspects of rehabilitation," the company explained in its disclosure.

FNI said that according to the notice, PGMC has only deposited P56.5 million out of a commitment of P1.26 billion for the final mine rehabilitation and decommissioning fund (FMRDF).

The company however disputed that the P1.26 billion has no basis since based on the DENR's records, the fund commitment of PGMC is only P74 million.

"Contrary to the expanded commitment in the SCN, the Certificate of Approval of FMR/DP issued by the MGB (Mines and Geosciences Bureau) shows that the total FMRDF of PGMC is P74,593,674. This is consistent with PGMC's Schedule of Deposits for the FMRDP Fund included in the approved FMRDP of the Cagadianao Nickel Expansion Project, which also contains a total commitment of 74,593,674," FNI argued.

The company also cited that based on the

DENR Mine Audit Team 10 Report, it found that PGMC is compliant with the policies, environmental laws, rules and regulations of the Philippine Mining Act and also has up-to-date bank certification, having deposited a total amount of P56,658,436.63 for its FMRDF as of the August 3-11, 2016 audit.

FNI added that as of February 6, 2017, PGMC has a total deposit of P68,654,777.08 with the Development Bank of the Philippines Surigao Branch, Surigao city as it intends to deposit in full the remaining amount, which has yet to fall due under the relevant schedule.

"PGMC will continue to implement various significant projects on social development, environmental protection and rehabilitation. It will conduct its business as usual, with first annual shipment scheduled in March 2017, weather permitting," FNI president, Dante Bravo expressed.

PSE index barely changed amid lack of fresh leads

THE Philippine Stock Exchange index (PSEi) managed to eke out some gains on Tuesday in a trading session that lacked strong market movers.

The bellwether index inched higher by 1.49 points or 0.02% to close at 7,282.68 yesterday.

On the other hand, the broader all shares index gave up 3.41 points or 0.07% to close at 4,404.59.

"Spending most of the day under, the PSEi needed a last-minute surge to close the session in positive territory," said Justino

B. Calaycay, Jr., head of marketing and research at A&A Securities, Inc., in a trading post yesterday, with gains minimal, or "statistically flat."

"Most sectors were in the green," Mr. Calaycay said, but noted that market breadth continues to be negative. Four out of six sectoral counters closed positively yesterday. More issues declined at 111, compared with 85 that advanced, while 48 stocks closed unchanged.

Value turnover slightly improved to P5.73 billion on Tues-

day from P5.61 billion the other day, as trade volume increased to 1.83 billion shares, up 20% from Monday's 1.53 billion.

The mining and oil counter led sectoral gainers yesterday, rising by 0.44% or 53.68 points to 12,224.95.

Mr. Calaycay said that despite the controversies surrounding the Department of Environment and Natural Resources' (DENR) recent closure and suspension orders, Global Ferronickel Holdings, Inc. continues to negotiate and close supply contracts.

"Despite this good news from the corporate front, we remain cautious on the mining sector in general, which continues to face regulatory risks. Not particularly so on entities which fall under the umbrella of the DENR's recent orders," he said.

Holding firms also gained 0.36% or 26.49 points to 7,390.86; property rose by 0.11% or 3.72 points to 3,339.90; and industrials added 0.07% or 8.39 points to 11,139.23.

On the other hand, services dropped 0.72% or 10.25 points

to 1,411.25 and financials went down by 0.62% or 11.31 points to 1,786.94.

Foreigners continued their exit to yield a net selling of P558.18 million worth of stocks, higher than Monday's P393.85-million net outflow.

Mr. Calaycay placed the PSEi's support level at 7,170 and its declining resistance over the next days at 7,240.

"If it breaks above the resistance mark accompanied by a spike in value turnover, say at least 1.2 times the averages, the

PSEi could be en route to a target level of close to 8,000 — 300 points above our most optimistic forecast level for the year," the analyst said.

However, if the index breaks the support, it could fall below 6,400, he said.

Southeast Asian stock markets, except Vietnam and Indonesia, were tepid on Tuesday tracking Asian markets which were steady on a lack of global cues, with US markets closed for the Presidents' Day holiday on Monday. — **Victor V. Saulon with Reuters**

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STRATEGIC COMMUNICATION AND INITIATIVES SERVICE

GINA LOPEZ TAMA SA DENR

TAMANG-TAMA ang pagkakatalaga ni Pangulong Rodrigo Duterte kay Gina Lopez bilang kalihim ng Department of Environment and Natural Resources dahil na rin sa ipinakikita nitong pagpapahalaga sa ating kalikasan.

Kahanga-hanga kasi ang ipinakikitang katapangan nitong si Lopez at hindi ito natatakot na banggain ang malalaking negosyante na may-ari ng mga minahan na lumalabag sa ipinatutupad na batas sa pagmimina.

Ilang malalaking minahan na rin ang ipinasasara ni Lopez dahil sa patuloy na pagsira ng mga ito sa ating kalikasan at pag-abuso sa umiiral na batas.

Maging ang naglalakihang fishpen sa Laguna de Bay ay pinagbabaklas din

ng mga tauhan ng DENR at Laguna Lake Development Authority upang muling pakinabangan ng mga maliliit na mangingisda ang buong lawa.

Masyado na kasing naaambuso ang karapatan ng mga kababayan nating mangingisda sa Laguna de Bay dahil halos wala na silang mahuli dahil ang nakikinabang na lang sa lawa ay ang mga negosyanteng nagmamay-ari ng naglalakihang fishpen.

Panahon na upang mabigyan naman ng pagkakataon na makinabang sa lawa ang mga maliliit na mangingisda na umaasa lang sa mga mahuhuli sa Laguna de Bay para sa kanilang pang-araw-araw na ikabubuhay.

Labis din ang pagbabantay na ginagawa ngayon ng mga tauhan ng DENR sa mga kabundukan upang hindi na



ALINGAWNGAW

ni ALVIN FELICIANO

muli pa itong masamantala ng mga illegal logger na walang ibang ihintindi kundi ang magkamali ng malaking halaga ng salapi kahit na ang kapalit nito ay ang pagkakalbo ng mga kagubatan.

Dahil sa labis na pagpapahalaga ni Secretary Lopez sa ating kalikasan ay nakakikita na tayo ng pagasa na muling maibalik sa dati ang ganda ng ating paligid na ilang dekada na ring napariwara dahil sa mga negosyanteng naninira sa ating kapaligiran.

Bukod sa pangangalaga sa kalikasan, patuloy rin ang kampanya ni Lopez upang muling yumabong ang mga puno sa mga kabundukan sa

pamamagitan ng pagtanim nang sa gayon ay muling bumalik ang ganda ng ating mga bundok.

Hindi nagkamali si Duterte sa pagpili kay Lopez bilang kalihim ng DENR dahil simula nang magkamalay tayo ay kay Secretary Gina lang natin nakikita ang tunay na pagpapahalaga upang mapangalagaan ang ating kalikasan.

Patuloy nating sasamahan si Secretary Gina sa pagbabantay sa ating kalikasan hanggang sa tuluyan na nitong maparusahan ang mga namamantala sa ating kapaligiran.



Balita

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Dagdag Balita

Sec. Lopez, pipiliting sumipot sa Kamara

Nainis ang mga miyembro ng House Committee on Ecology sa hindi pagsipot ni Department of Environment and Natural Resources (DENR) Secretary Gina Lopez sa kanilang pagding upang imbestigahan ang mga negatibong epekto ng pagmimina sa bansa.

Dahil dito, hiniling ni Deputy Speaker at South Cotabato Second District Rep. Ferdinand Hernandez kay Committee chairperson Rep. Estrellita B. Suansing (1st District, Nueva Ecija), na pilitin si Lopez na dumalo sa susunod nilang pagding sa Marso 1.

"Since this is not the first time the DENR Secretary did not attend this committee's hearing, there has to be a strongly worded letter from the chairperson to compel the DENR Secretary to attend the next hearing and a warning for a subpoena if she fails again to attend it," git ni Hernandez.

Bert De Guzman

THE PHILIPPINE STAR

TRUTH SHALL PREVAIL

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STRATEGIC COMMUNICATION AND INITIATIVES SERVICE

EDITORIAL

Lake rescue

The long overdue rehabilitation of Laguna de Bay has started, with the Department of Environment and Natural Resources imposing a one-year moratorium on the issuance of permits to operate fish pens and cages. The Laguna Lake Development Authority, backed by the DENR, has started dismantling fish pens and cages in the heavily silted lake.

Once the clearing activities are over, the DENR and LLDA must ensure that the operators do not quickly resume their business. Many of the operators are politicians and other influential individuals based around Laguna de Bay, who have the power to sidestep efforts to give the lake breathing space to recover.

The lakeshore area is supposed to serve as a natural floodplain, but indiscriminate development and encroachments on the lake have destroyed this natural function. The result, as in the filling of

the natural water catchment in Dagat-Dagatan in Malabon and Navotas, is serious flooding during monsoons and typhoons. Because the natural drainage is blocked, it took floodwaters about three months to subside after a powerful typhoon that struck during the long Christmas season a few years ago.

After Laguna de Bay, the DENR should also look into fish pens and cages that are now proliferating in scenic Taal Lake. The lake around Taal Volcano has a fragile aquatic ecosystem that is one of the most unique in the world. The black volcanic lakebed traps sunlight that provides nourishment to algae on which fish feed.

The unique ecosystem makes fish caught in the lake particularly succulent. But today fish found only in the lake such as *maliputo* and *tawilis* are endangered, with the threat made worse by the proliferation of pens for the predatory tilapia. With the same political will applied in Laguna de Bay, Taal Lake can be saved.

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Newsbits

• **More visitors to Mahagnao**

TACLOBAN CITY, LEYTE – The Mahagnao Volcano Natural Park (MVNP) is attracting more tourists these days, according to Leyte Governor Leopoldo Dominico L. Petilla. He noted that while about 5,000 tourists came to visit the park in 2015, more than 8,000 came in 2016, representing an increase of more than 50 percent. MVNP is located in the boundaries of Burauen and La Paz towns. Petilla said that it is expected that more tourists will visit the park upon completion of the concreting of the road leading to the MVNP in the middle of this year. Regional Director Leonardo R. Sibbaluca of the Department of Environment and Natural Resources, regional office 8 (DENR-8) said the Second Mahagnao Volcano Natural Park (MVNP) Outdoor Festival was held last February 3 to promote environmental protection and conservation and ecotourism.

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STRATEGIC COMMUNICATION AND INITIATIVES SERVICE

EMB clears Petron of environmental damage

THE Environmental Management Bureau (EMB) Central Luzon has cleared Petron Corp. of causing damage to the surrounding areas of its refinery in Limay, Bataan.

The EMB reported that two areas within the Petron Bataan Refinery (PBR) complex are no longer used as bottom ash dump facilities.

In EMB's latest inspection report, both the temporary ash disposal facilities of PLT Cove and San Miguel Corp. (SMC) are now covered with soil, compacted and sprinkled with water to prevent ash dispersion and deposition to nearby communities.

The report also noted that the PLT Cove area had already been planted with frog grass.

EMB said the result of the inspection was revealed during a recent meeting by the multipartite monitoring team (MMT) formed by the provincial government.

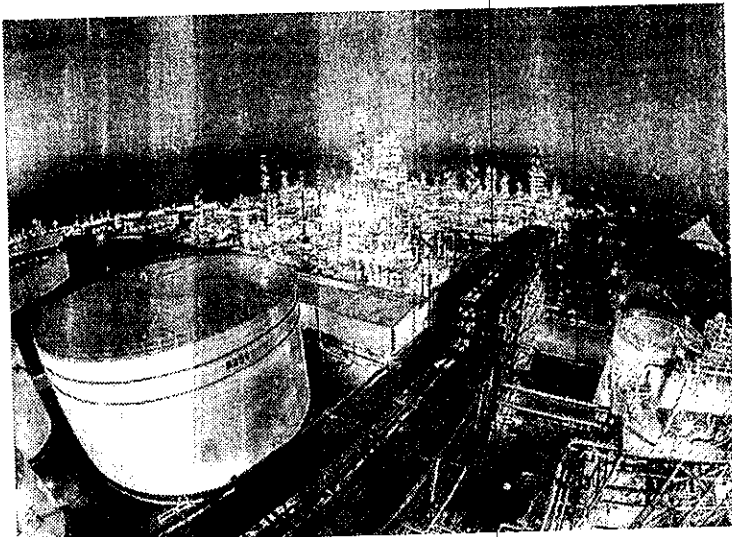
At the meeting, it was disclosed that Petron has so far hauled out around 3,550 metric tons (MT) of ash while another 7,950 MT has been treated.

It said that newly generated ashes are being washed to reduce its corrosivity after which sampling of the washed bottom ash is undertaken. Treated ash is then transported to SMC subsidiary Northern Cement Consolidated in Pangasinan where it will be used as material in cement manufacturing. Petron also disclosed remediation and rehabilitation plans for the PLT Cove area.

Tests have also been done to ensure air and water in the area are safe.

The provincial government assured the relocation of the 250 affected families within the next three to five months with a priority on informal settlers within the SMC's buffer zone.

The establishment of an Environmental Guarantee Fund (EGF) was also discussed during the meeting that is aimed to be used for epidemiological study or health assessment that will be done in affected communities. The



Petron's refinery complex in Limay.

cost of the study would be sourced from the EGF of Petron and SMC, pursuant to existing Environmental Impact Assessment rules and regulations.

According to EMB acting director Jacqueline Caangan, the result of the assessment will also help determine effectiveness of anti-pollution interventions already done in the area and ensure compliance to environmental policies by those concerned.

SMC released findings of various tests it conducted in response to health and environment concerns raised by activist groups against its 4x150 MW Limay coal power plant in Bataan.

The company said medical missions it conducted after the is-

sue came about, along with random testing on employees working at the facility and daily emissions monitoring indicate that the new power plant has not caused ill effects to health or the environment.

SMC in a statement said Petron provided free consultations and medicines to residents year-round and that out of some 1,132 patients treated from barangays Alangan and Lamao soon after the issue broke around mid-January, only 9 percent or 107 were treated for skin conditions.

The company said that doctors, as well as the Department of Health already had earlier said these skin diseases were common and could not be attributed to the plant's operations.

The company also disclosed results of random urine testing done on employees to determine the amount of chromium in their system, an indication of possible contamination.

Results of the tests, which involved around 17 exposed employees who work inside the facility from eight to 12 hours on overtime, yielded insignificant chromium levels at less than 0.02 ug/ml—a negligible level that does not have significant effect on the human body.

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STRATEGIC COMMUNICATION AND INITIATIVES SERVICE

EMB: No more Limay ash dump

By Alena Mae S. Flores
and Anna Leah E. Gonzales

THE Petron Corp.'s refinery complex in Limay, Bataan is no longer operating the controversial bottom ash disposal facility and has implemented measures to ensure the facility will no longer pose a threat to public health, according to the Environmental Management Bureau.

The EMB Central Luzon regional office said both the temporary ash disposal facilities of PLT Cove and San Miguel Corp. are now covered with soil, compacted and sprinkled with water to prevent ash dispersion and deposition to nearby communities.

The results of the EMB inspection was revealed during a recent meeting by the Multipartite Monitoring Team formed by the provincial government, held in Balanga City.

Petron said around 3,550 metric tons of ash have been hauled out and 7,950 MT have been treated while newly-generated ash are being washed to reduce its corrosiveness after which sampling of the washed bottom ash is undertaken.

Treated ash is transported to SMC subsidiary Northern Cement Consolidated in Pangasinan, where it will be used as material for cement manufacturing.

Petron also revealed its remediation and rehabilitation plans for the PLT Cove area, mitigation measures for odor nuisance and relocation of affected families.

The establishment of Environmental Guarantee Fund was also discussed during the meeting. The fund would be used for epidemiological study or health assessment that will be done in affected communities.

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DENR-EMB clears SMC on use of Bataan ash dump facilities

Latest inspections made by the Department of Environment and Natural Resources (DENR) revealed San Miguel Corp. (SMC) no longer operates its bottom ash dump facilities in its Petron Bataan refinery complex.

In its latest inspection report during a Multipartite Monitoring Team (MMT) meeting, the DENR-Environmental Management Bureau (EMB) in Central Luzon said both the temporary ash disposal facilities of PLT Cove and SMC are now covered with soil, compacted and sprinkled with water to prevent ash dispersion and deposition to nearby communities.

The report also showed the PLT Cove area had already been planted with frog grass.

In the same meeting, SMC subsidiary Petron Corp. said it has hauled out around 3,550 metric tons (MT) of ash and 7,950 MT have been treated.

Treated ash is then transported to SMC subsidiary Northern Cement Consolidated in Pangasinan, where it will be used as material for cement manufacturing.

Petron said it has laid down its remediation and rehabilitation plans for the PLT Cove area, mitigation measures for odor nuisance, and relocation of affected families.

The Bataan provincial government gave assurance there would be available housing

for 250 affected families within the next three to five months. Bataan Gov. Albert Garcia said informal settlers within SMC's buffer zone would be given priority.

The establishment of an Environmental Guarantee Fund (EGF) was also discussed during the MMT meeting.

The DENR said the fund — which would be sourced from the EGF of Petron and SMC — would be used for epidemiological study or health assessment that would be done in affected communities.

The EMB Central Luzon, on the other hand, will continue to assess the environmental quality on affected communities in Limay.

DENR-EMB acting director Jacqueline Caanan said the results of the assessment would help determine effectiveness of anti-pollution interventions in the area and ensure compliance to environmental policies by those concerned.

Meanwhile, a series of tests have been done to ensure the air and water in the area are safe — including a 24-hour monitoring for volatile organic compounds (VOCs) and hydrogen sulfide which showed these were not detected at the sampling stations. — Danessa Rivera

THE PHILIPPINE STAR

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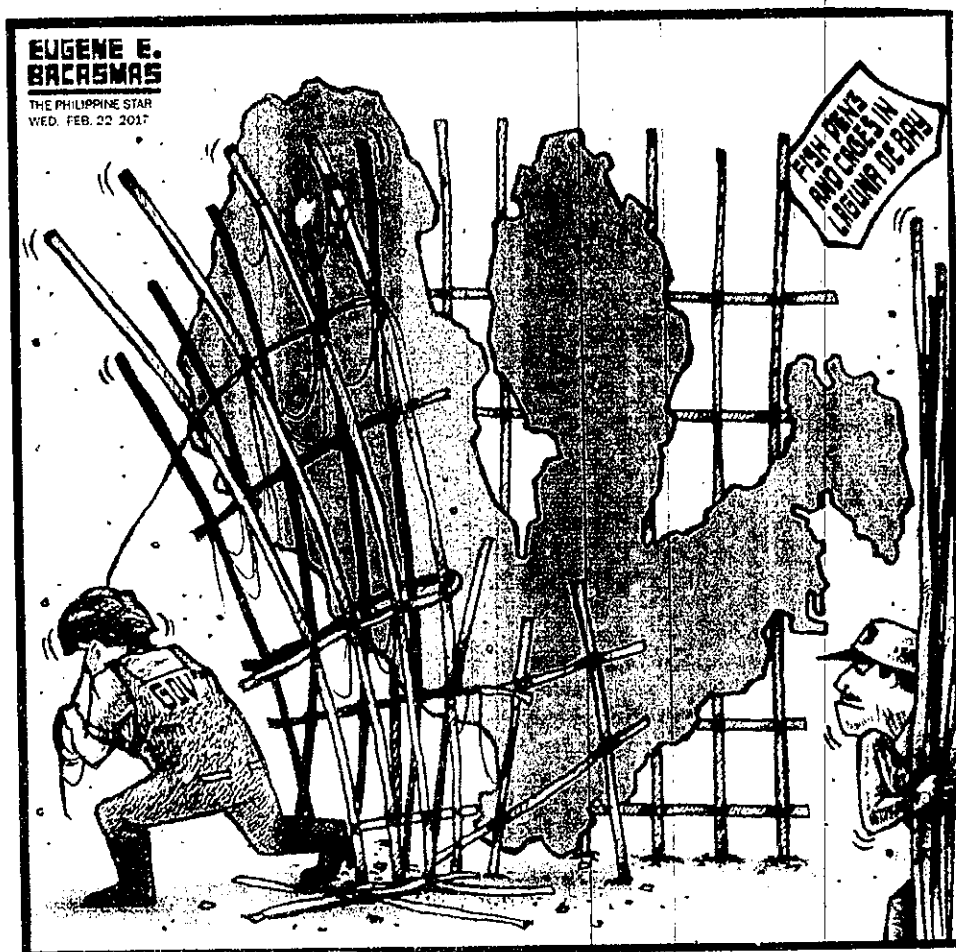
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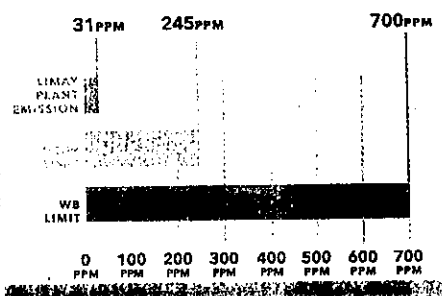
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WEEKLY ENVIRONMENT WATCH

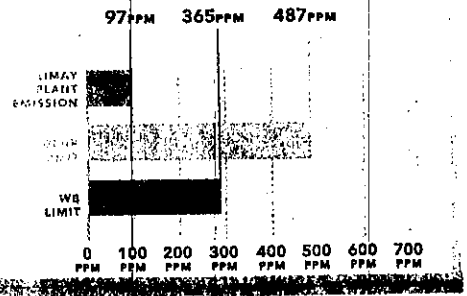
■ Limay CFB power plant actual emissions ■ DENR limits ■ World Bank limits ■ SAN MIGUEL CONSOLIDATED POWER

February 13-19, 2017
The Limay CFB power plant does daily emission tests. Average results for the week show its emissions are well below Department of Environment and Natural Resources and World Bank limits.

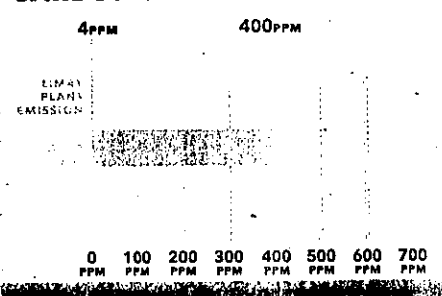
SULFUR OXIDE



NITROGEN OXIDE



CARBON MONOXIDE



PARTICULATE MATTER (DUST)

