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## Philippines remains on mining radar

*Saturday, 16 Aug, 2008*

Reuters reported that mining groups from Brazil to Australia are combing the Philippines for copper, nickel and gold but patience is required to see a return on investment. Disagreement over contracts, communist rebel attacks, financial difficulties and local opposition have stalled some existing mining projects in the Philippines but with metal prices still high, overseas and local investors remain attracted to its resources.

Mr Horacio Ramos director of Mines & Geosciences Bureau said that the trend is going up. He pointed to plans by China's largest listed gold producer Zijin to raise its investment in a cold copper project in the north to 60% and Ramon Ang, the president of food and drinks giant San Miguel. Both Zijin and Ramon Ang will receive financial and technical assistance agreements from the government, underlining that these will be large scale projects.

Mr Ramos said that China's CITIC Resources was interested in the Nonoc nickel mine in the south and Japanese companies, conscious of Chinese competition, were also on the prowl.

There are over 30 foreign companies with investments in the Philippines mining sector, including Brazil's Vale. Most of the projects are still at the exploration or feasibility stage and it will be years before production starts.

BHP Billiton, meanwhile, is at loggerheads with its local partner Asiaticus, which has accused the larger group of moving too slowly in the development of their nickel project. The national government is trying to resolve the conflict. One of the biggest challenges facing foreign mineral groups is overcoming local opposition to mining, often supported by a vocal network of NGOs and, in some cases, by powerful Catholic bishops.

Mr Ramos said overcoming this opposition often required retaining a local equity partner. He added that "Companies have to be patient, they have to understand the cultural approach to the Philippines. My suggestion is that they should not go 100% foreign. They should go maybe 90 percent foreign, 10% Filipino to take care of the cultural approach. To take care of the political aspects."

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