

April 16, 2002

Mr. Luke Danielson
IIED, London

Dear Luke,

I would like to again congratulate you and your staff in coming out with a very objective assessment of the global mining and minerals industry. I have scanned the whole report over the weekend and could only appreciate how you were able to discuss in a clear manner the complicated issues and concerns that need to be addressed on the path towards sustainable development. I consider all the initiatives worth undertaking and pursuing at the global, national and local levels.

My comments, summarized below, are more forward-looking and touches on the very basic issues we need to deal with as we move forward:

1. The need to build a sustainable development framework for the mining industry.
 - While all of us in the industry understand each other about the concept of sustainable development and how this can be translated into concrete results, we should keep in mind that those who govern, from the highest to the lowest levels including prospective mine communities would not easily understand or accept what we are talking about. We must understand that while we are already moving into translating the concept into realizable results, and possibly measuring them through indicators, others are still into the process of understanding the concept deeper. In most developing countries including the Philippines, there was an over reaction to the environmental problems since Agenda 21 and the mindset that has been established is that natural resource development causes further environmental degradation. This was made popular by the more extremist environmental advocates.
 - The ambivalence of policy makers stems from such mindset, aggravated by the Marcopper incidence and the presence of abandoned mine lands. These may have prompted them to develop a framework for rural development where there should be less dependence on natural resources, which we in the industry argued against. You should imagine how the industry is coping with this kind of policy and government's lack of political will.

- It is therefore very important to develop a sustainable development framework for the mining industry at the global level and the UN can articulate and advocate this to all countries/all levels of government and to the public to counter the mindset that has permeated in the public's mind. Such framework will also insure that we have a shared objective and a common vocabulary.
2. The need to make and show the industry's contribution to sustainable development.

While we have repeatedly argued that the world we live today was made possible with minerals and metals, people would rarely connect mining with the diverse products that utilize minerals and metals. Furthermore, manufacturers utilizing minerals and metals seem not concerned with the plight of the industry. During the "Mining Philippines Conference and Exhibition" we had last November, I tried hard to show the mining process and the end products but all the companies I requested to help us show this were indifferent... from car manufacturers, to cell phone distributors and computer companies. I presume the Mining and Metals Life Cycle can inform the public about the connection between mining and the many important products derived from minerals and metals.

The issue of resource rent equitably shared is easier said than done. We believe that communities where mining operations are located should benefit from mining operations through direct payment by companies of mining taxes to the local government units and the rationale revenue management by the local government. But the issue normally seen by some sectors is the repatriation of profits by foreign companies (without knowing that this is ensured by laws) and that what the country should do is to provide an investment environment conducive to business so that profits can further be re-invested and not repatriated.

There have been some results in the environment and natural resource accounting indicating that the industry's impacts in the carrying capacity of the environment is less than that of the more pollutive industries because mine wastes are contained. Perhaps studies like this should be communicated more. Efforts at best practices and environmental protection and rehabilitation should also be published.

3. The need to share responsibilities among stakeholders.

The report seems to place most of the burden to the companies and the government although decision-making is shared with all

stakeholders. There are several extremist NGOs whose aim is to stop development projects at all costs. I presume these kinds of NGOs should also account for their actions and the implications of their advocacy work.

There are other minor comments that I think will be covered in the thematic themes indicated in the GMI brochure.

Incidentally, with respect to the initial declaration elements, the Round Table on Mining and the Environment, which came out with a report in 1999 together with the Guidelines on Mining and the Environment may be considered. In its final report, it mentioned about the “need for a full discussion with the Commission on Sustainable Development on the social, economic and environmental impacts of the mining industry, and could take place either as part of the 2002 review of Agenda 21 in the context of the discussion on the integrated planning and management of land resources, or as a separate thematic forum in the five-year period following the ten year review.”

I know you are swamped with voluminous comments but I have attached some editorial pieces I made particularly with respect to Marcopper for further information.

Thank you and I hope you will find the comments sensible from where I am coming from.

Sincerely yours,

NELIA C. HALCON
Executive Vice President