

8TH ASIA PACIFIC MINING CONFERENCE

Posted: Tuesday, October 14, 2008

LADIES AND GENTLEMEN:

IT IS MY PRIVILEGE TO WELCOME YOU TO THIS OPENING SESSION OF THE 8TH ASIA PACIFIC MINING CONFERENCE.

TO OUR FOREIGN PARTICIPANTS, I HOPE YOU ARE ENJOYING YOUR STAY HERE IN MANILA AND AS USUAL, RELISHING THE GRACIOUSNESS OF YOUR HOST, MR. PHILIP ROMUALDEZ.

OF COURSE, I WOULD LIKE TO THANK MR. ROMUALDEZ, PRESIDENT OF THE ASEAN FEDERATION OF MINING ASSOCIATIONS AND THE CHAMBER OF MINES OF THE PHILIPPINES, FOR INVITING ME TO BE YOUR SPEAKER TODAY.

LAST YEAR, I ALSO STOOD BEFORE YOU AT THE START OF YOUR 7TH SESSION AND SHARED WITH YOU MY VIEWS ON THE OPPORTUNITIES OF MINING IN THE PHILIPPINES.

MY VIEWS HAVE NOT CHANGED. I STILL SEE MINING AS ONE OF THE FEW SECTORS WITH A STRONG UPSIDE POTENTIAL DESPITE THE EXPECTED GLOBAL ECONOMIC SLOWDOWN IN THE COMING MONTHS.

#### OPTIMISM AMIDST DARK CLOUDS

INDEED, WE HAVE ENTERED A PERIOD OF HEIGHTENED UNCERTAINTY. THE US FINANCIAL CRISIS CONTINUES TO SPREAD TO OTHER PARTS OF THE WORLD.

EVEN THOSE FINANCIAL INSTITUTIONS THAT WERE ONCE CONSIDERED AS HIGHLY-RATED, PRACTICALLY RISK-FREE, AND INVULNERABLE SUDDENLY BECOME --- WELL ---- VULNERABLE.

ALMOST EVERY DAY, WE RECEIVE REPORTS OF RECORD DECLINES IN VARIOUS FINANCIAL MARKETS.

WE SAW PICTURES OF TRADERS' REACTIONS TO TUMBLING PRICES OF STOCKS.

WE HEARD WHISPERS OF BANKS BEING IN DANGER --- UNTIL THOSE WHISPERS BECOME FULL BLOWN PRESS RELEASES ANNOUNCING TAKEOVER BY THEIR GOVERNMENTS.

AND LAST WEEK, AN ENTIRE COUNTRY WAS REPORTED AS BEING "BANKRUPT".

IT SEEMED THAT SUDDENLY THERE WAS A SHORTAGE OF LIQUIDITY, AND A SURPLUS OF PESSIMISM, AS THE MARKETS RECEIVED MASSIVE DOSES OF BAD NEWS AFTER ANOTHER.

BUT I AM ALSO ENCOURAGED TO SEE THAT THE MONETARY AND FINANCIAL DECISION-MAKERS OF THE WORLD ARE TALKING AND WORKING TOGETHER.

A FEW DAYS AFTER AMERICA EMBARKED ON A MASSIVE RELIEF PROGRAM FOR TROUBLED

FINANCIAL INSTITUTIONS, THE HEADS OF THE MAJOR CENTRAL BANKS IN AMERICA, EUROPE, AND ASIA ANNOUNCED COORDINATED RATE CUTS.

THERE IS TALK OF A PROPOSAL FOR THE ESTABLISHMENT OF AN EMERGENCY FUND THROUGH THE IMF TO PROVIDE LIQUIDITY TO COUNTRIES HIT BY THE GLOBAL CRISIS.

IN THIS PART OF THE WORLD, WE HAVE SO FAR BEEN HOLDING STEADY. THE PHILIPPINE STOCK MARKET DID NOT ESCAPE THE NEGATIVE EFFECTS OF THE CRISIS. YET, IT SEEMS THAT OUR LOCAL MARKET HAS STARTED TO STABILIZE.

OUR BANKS REMAINED STRONG AND WELL CAPITALIZED. RECENTLY, OUR BIGGEST INSURANCE COMPANY, A SUBSIDIARY OF AIG, ANNOUNCED THAT IT WOULD BE SOLD. AND ALMOST IMMEDIATELY, THERE WERE EXPRESSIONS OF INTEREST FROM MANY LOCAL INSTITUTIONS.

AT THIS VERY MOMENT, OUR ECONOMIC MANAGERS CONTINUE TO MONITOR THE DEVELOPMENTS SO THAT WE CAN INSTITUTE POLICY RESPONSES WHEN NEEDED.

WE RECOGNIZE THAT THE GLOBAL CRISIS WILL NOT GO AWAY IN THE NEAR TERM. BUT WE WILL NOT BE PARALYZED BY UNCERTAINTY.

#### MINING AND SUSTAINABLE DEVELOPMENT

AND SO IN THE CONTEXT OF ALL THESE DEVELOPMENTS, I AM HEARTENED TO SEE ONE SECTOR THAT CONTINUES TO SHINE --- THE MINING SECTOR.

I FIND IT INTERESTING THAT DURING PERIODS OF UNCERTAINTY, FUNDS TEND TO SEEK SECURE HAVENS. AT ONE POINT, ANALYSTS HAVE STOPPED TALKING ABOUT "RETURN ON INVESTMENT" OR "ROI" AND WERE HAPPY WITH JUST "RETURN OF INVESTMENT".

ONE OF THE SO-CALLED SAFE ASSETS IS, OF COURSE --- GOLD.

I AM SURE THOSE OF YOU WHO ARE INTO GOLD AND OTHER PRECIOUS METALS HAVE ALREADY SEEN THIS OPPORTUNITY. YOUR PRESENCE TODAY IS ENOUGH AFFIRMATION OF THE OPTIMISM THAT CONTINUES TO PERVADE IN YOUR SECTOR.

I DO NOT NEED TO DISCUSS THE FINANCIAL VIABILITY OF MINING IN THE PHILIPPINES. THAT WOULD BE LIKE PREACHING TO A GROUP OF BELIEVERS, SINCE YOU HAVE A MORE INTIMATE KNOWLEDGE OF THE MINING BUSINESS THAN ANY OTHER GROUP.

WHAT I WANT TO EMPHASIZE, HOWEVER, IS THE HUMAN SIDE OF MINING AND THE IMPORTANCE OF ALIGNING BUSINESS OBJECTIVES WITH SOCIAL RESPONSIBILITY. THIS IS WHAT I ALWAYS SAY WHEN I AM CONFRONTED BY PROTESTS INVOLVING MINING ISSUES ANYWHERE IN THE COUNTRY.

IN THE PHILIPPINES, MINING HAD A COMPLEX PAST. MINES WERE ASSOCIATED WITH MISUSE OF THE ENVIRONMENT AND ABUSE OF HOST COMMUNITIES. IN SOME CASES, MINE CLOSURES LEFT BEHIND A LEGACY OF ENVIRONMENTAL DEGRADATION THAT MADE FUTURE

MINING OPERATIONS PRONE TO PROTESTS.

FORTUNATELY, THAT HAS CHANGED. MINING IS NOW BEING PROMOTED BY GOVERNMENT, RATHER THAN SIMPLY TOLERATED.

THIS SHIFT IN ATTITUDE WAS GREATLY SUPPORTED BY THE ENACTMENT OF THE PHILIPPINE MINING ACT OF 1995 AND THE DECISION OF THE SUPREME COURT UPHOLDING ITS CONSTITUTIONALITY.

BUT MORE IMPORTANTLY, GOVERNMENT HAS PLACED THE MINING SECTOR IN THE LARGER FRAMEWORK OF SUSTAINABLE DEVELOPMENT. INDEED, MINING OFFERS A VAST POTENTIAL AS A SOURCE OF GROWTH AND A GENERATOR OF EMPLOYMENT, PARTICULARLY IN RURAL AREAS.

THE BENEFITS OF MINING IN THE HOST COMMUNITIES CAN BE SUBSTANTIAL, PROVIDED THAT ENOUGH ATTENTION IS GIVEN TO A PROCESS OF CONSULTATION AND PROBLEM-SOLVING AMONG GOVERNMENT, THE PRIVATE SECTOR, AND THE AFFECTED COMMUNITIES.

ON THE PART OF THE MINING COMPANIES, I AM HAPPY TO SEE THAT THERE IS ALSO GREATER AWARENESS ON THE NEED TO ENGAGE COMMUNITIES AND SUPPORT LOCAL LIVELIHOOD ACTIVITIES.

LET ME, AT THIS POINT, TAKE NOTE OF THE INITIATIVE OF THE ASEAN FEDERATION OF MINING ASSOCIATIONS IN COMING OUT WITH A COMPENDIUM OF ASEAN BEST MINING PRACTICES ADDRESSING ENVIRONMENTAL CONCERNS, HEALTH AND SAFETY, CORPORATE SOCIAL RESPONSIBILITY, AND CLIMATE CHANGE.

I AM GLAD THAT THIS CAME FROM THE PRIVATE SECTOR.

THIS MAKES MY JOB EASIER, BECAUSE I KNOW THAT I DO NOT HAVE TO CONVINCING YOU ANYMORE ABOUT THE IMPORTANCE OF INJECTING SUSTAINABLE DEVELOPMENT PRACTICES IN PRIVATE BUSINESS OPERATIONS.

#### A BRIGHT SPOT

YOUR ACTIVE INVOLVEMENT IS ONE OF THE REASONS WHY I AM VERY BULLISH ABOUT MINING. I HAVE ALWAYS TAKEN THE VIEW THAT DEVELOPMENT REQUIRES THE COLLABORATION OF GOVERNMENT, THE PRIVATE SECTOR, AND THE PEOPLE. I SEE THIS HAPPENING IN THE MINING SECTOR IN THIS PART OF THE WORLD --- THANKS TO THE LEADERSHIP OF THE ASEAN FEDERATION OF MINING ASSOCIATIONS.

I HOPE THAT YOU WILL CONTINUE TO LOOK AT THE PHILIPPINES AND WORK WITH US IN DEVELOPING OUR MINES AND UPLIFTING THE LIVING CONDITIONS OF OUR PEOPLE.

TOGETHER, LET US BRING DEVELOPMENT DOWN TO THE LEVEL OF THE COMMUNITIES, THE MINERS, AND THEIR FAMILIES. ONLY THEN CAN WE SAY THAT MINING CAN, INDEED, FUEL OUR REGION'S GROWTH.

THANK YOU. I WISH YOU ALL A PRODUCTIVE THREE DAY CONFERENCE. AND WITH THAT, LADIES AND GENTLEMEN, THE 8TH ASIA PACIFIC MINING CONFERENCE IS NOW OPEN.

GOOD DAY TO ALL OF YOU, AND MABUHAY!