

For the first half of 1989, mining and quarrying output contracted by 1.97 per cent, indicating weaknesses in sectoral recovery. However, certain factors augur well for the industry, for example, the privatization and bringing into operation of large mining entities notably Nonoc Nickel Mines, the construction boom which has positive impact on stone quarrying and sand pits, and the increasing appreciation of the role of small-scale "informal" mining operations. For the latter, however, it is imperative that appropriate environmental and health regulations be put in place.

Appendix 3 presents gross value added in mining and quarrying from 1986-89.

OIL AND GAS

The oil and gas industry in the Philippines straddles the mining and manufacturing sectors, with exploration and crude oil production activities being included in the mining sector and oil and gas processing and distribution included in the manufacturing sector. Total output and value added in the industry, therefore, are hard to reckon from the National Income Accounts.

The two oil crises in the 1970's prompted the Philippine government to encourage domestic oil production. As a result, oil exploration activities increased, reaching their peak in 1986. A few months later, however, exploration activities declined in the wake of the global oil supply glut. With the Philippine economic recovery on stream, local oil production again increased from 1.875 million barrels in 1987 to 2.711 million barrels in 1988. Domestic production, however, supplied only two per cent of the country's total oil consumption.

The three petroleum refineries operating in the Philippines have an aggregate capacity of 300,000 barrels per day. They operate at an average capacity of 70 per cent. The steady decline in oil refining activity was reverted in 1986 following expectations of the resurgence of economic activity.

In 1988, there were seven large oil and gas exploration companies in the country with gross revenues of ₱1.2 billion. On the other hand, there were four firms engaged in crude petroleum production with gross revenues of ₱1.7 billion. The three petroleum refineries generated gross revenues of about ₱35.0 billion during the year. (See Table 3.)