

The New Mining Code

The recent positive events in the mining sector haven't gone unnoticed. Potential investors have been taking a second look at the local mining industry as others have already inked joint venture agreements with a number of local mining firms.

However, the entry of more foreign investments would depend on how the New Mining Code will finally take shape. The code, which comes in the form of the "Mineral Resource Development Act of 1988" is still being reviewed by the Cabinet Assistance System prior to its endorsement to Congress. Its enactment is expected by late this year. The proposed mining code allows foreign investors to own 100% equity in mining ventures that will be involved only in "service activities" such as prospecting and processing. However, if foreigners continue to the exploration stage, they are required to divest so as to adhere to the 60%-40% equity provision or enter into a financial and technical assistance agreement (FTAA) with the government through bidding or negotiation.

Activities subject to FTAA's cover prospecting, exploration and mining operations [5]. An FTAA may include one or a combination of several or all of these activities. However, a certificate of mining feasibility shall be secured before the contractor can proceed to mining operations. The minimum investment and area requirements for each activities are shown in Table 3.2 under an FTAA.

The governments share from mining operations is variable since it is determined through bidding or negotiation. The