

the period 1981-1984. A slight recovery was experienced in 1985 only to fall again in the following year. It was only in the last two years that the Philippine mining sector got a much needed respite as the value of production finally showed an upward trend (see Table 1.3).

In 1988, mining production consisted of metallic minerals at US\$919 million (87.4%) and non-metallic minerals at US\$133 million (12.6%). Among the metallic minerals, gold and copper have the largest shares in terms of production value at 49.0% and 34.5% respectively. Gold is the most important mineral the country is producing at present. It gained the top spot from copper since 1985. In contrast, the importance of other metallic minerals, particularly nickel and chromite, have considerably declined in the eighties.

Much of this production performance is primarily due to the movements of world metal prices (i.e. world market conditions). During the first half of the eighties, metal prices in US\$ dollar terms were generally depressed, reflecting the sluggishness of metal markets overseas (see Table 1.4). The consumption of base metals in particular, by industrial countries were lower than expected. Coupled with the high capacity utilization rates and additional capacity from newly opened mines around the world led to excess supplies, increasing stocks and consequently, downward pressures on metal prices.

In 1986 onwards, a large improvement in metal consumption of industrial countries, among others--a totally unexpected development--led to the surge in metal prices especially for copper and nickel in 1987 and 1988.