

Stark choice facing the Philippines

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In February 2008 - a year after publication of the report of the mission led by Clare Short MP, *Mining in the Philippines: Concerns and Conflicts*¹ - we undertook a further visit to the Philippines. Our research focused on existing and proposed mining locations that overlap with indigenous ancestral domains, watersheds and other areas environmentally critical for agriculture and food security.

As our new report shows, we found a stark choice facing the Philippines between a few years of mining and thousands of years of irrigated rice and fisheries production.² The Philippines was once self-sufficient in rice but is now the world's biggest importer.

Companies whose plans we challenge in the report include BHP Billiton, Intex Resources, Philex Gold, TVI and Xstrata.

Loss of forests and fisheries

The Philippines is one of the world's most biodiverse countries. But its natural resource base has declined alarmingly, leading to increasing proneness to disasters. Past wilful ignorance of the connection between natural resources management and food security has meant that the country has lost most of its forests – largely through illegal logging - and subsequently much of its fisheries.

Forest loss has led to a decline in rice production, the Philippines' staple food, by affecting rainfall and water supply. It has left the country much poorer than before and, with the destruction of fisheries, has severely undermined livelihoods for poor people that should have been sustainable in perpetuity.

The Philippines' population of 85 million is due to rise to 136 million by 2030. Problems of feeding this population mean that the country now imports between a quarter and half the 12 million tonnes of rice needed annually. World market prices have doubled or tripled in recent years, placing imported rice out of reach of the country's poor - about half the population.

It is difficult to reconcile the Philippine government's priority focus on mining with the need to feed a rapidly expanding population and to protect environmental services for future generations.

High risk

There is strong evidence where mining has taken place that the extraction process damages rice production, often permanently. Mining is universally acknowledged to be a high-risk activity, especially precarious in areas of high rainfall, seismic activity, steep slopes downstream of deforestation, and dense population – conditions common in the Philippines.

Mining is particularly risky in agricultural areas, especially above irrigation and fishpond zones. Such risks receive scant attention from the government or mining corporations.

In comparison to agriculture, fisheries and tourism, mining creates fewer jobs per unit of money invested and contributes the least to poverty reduction and sustainable development. On the contrary, it often increases poverty. In most cases, ore is exported unprocessed, so there is very little domestic value added.

A recent study found state revenue from mining in the Philippines to be less than 1 per cent of total government annual income. Profits accrue primarily to mining corporations, mostly based outside the country, and very little trickles down to poor Filipinos. Profits are privatised by companies, while costs are externalised to communities. Many such costs remain long after the mining corporation has left the country. The Philippines Mining Act of 1995 has virtually handed over the country's patrimony to foreign corporations.

In a November 2007 statement to a lawyers' conference, a former Philippines Supreme Court Justice stated that the financial benefits to the country from mining range at present 'from zero to nil' (*sic*). In fact, once costs of environmental and social damage, decommissioning, rehabilitation and restoration are included, the net figure is negative.

Indigenous peoples

The Philippines may appear to have excellent laws to protect the environment, human rights and indigenous peoples, yet their application is unacceptably poor. Indigenous peoples are particularly vulnerable to the negative effects of mining. With few resources, and far poorer than the majority population, their ancestral domains tend to be in the forested upland areas now often targeted by mining corporations.

Stewardship over these lands is enshrined in indigenous peoples' oral history, myths, prayers and traditional laws that predate the state. Such communities have long lived sustainably in the forest but are increasingly displaced by what they call 'development aggressions' of logging and mining.

The process for dealing with indigenous peoples in the Philippines is deeply flawed. The internationally established right to Free Prior and Informed Consent (FPIC) is seen by the government's National Commission for Indigenous Peoples (NCIP) and by mining companies as an impediment to be bypassed as quickly as possible.

Indigenous peoples can only make an informed decision when an Environmental Impact Assessment has been completed and all the risks have been clearly explained in their own language. We have not seen a single case where affected communities have received full disclosure and information before exploration and mining projects commence in their areas.

We have seen cases where the NCIP has agreed to newly formed pro-mining groups being given the right to sign the FPIC consent mechanism instead of the legitimate tribal authority. Many such 'consents' have been fraudulently engineered. NGOs and civil society groups have made a submission regarding one abusive process to the UN Committee on the Elimination of Racial Discrimination in Geneva.

Rice farmers, fishpond owners, fishers, and dwellers in the towns and villages that depend upon the water catchments also have the right to be fully informed and consulted prior to the commencement of mining.

Conflicts and rights abuse

Mining is frequently associated with generating or exacerbating conflicts, militarisation, corruption and human rights abuse, especially in the Philippines. Military and paramilitary forces are posted ostensibly to protect mines against armed rebels, and such threats are very real, because Communist New People's Army and Moro (Muslim) insurgents target overseas mining companies as exploiters of the people.

However, the armed forces frequently come into conflict with local communities protesting against mining. This leads to further rights abuses and undermines the constitutional duty of the military to protect Filipino citizens rather than multinational interests.

The indigenous peoples see large-scale mining as a direct threat to their survival. Given no other option, they and others could be tempted to take up arms to protect their lands and rights. That they have not done so yet is testament to the will of their leaders to resolve problems peacefully.

The prospect of violence was forewarned by the Catholic Bishops' Conference of the Philippines in 2006. They called for an end to destructive mining, for studies on the evil effects of mining, and for a different form of economic activity that would be life-enhancing and poverty-alleviating.³

Many codes of conduct, reviews and international standards conclude that mining should not be permitted in conflict zones until the conflict has been permanently resolved.

World Bank role

Despite historical problems with mining and a legacy of 800 abandoned mines, the World Bank was one of those influencing the country's Mining Act 1995. Although the Bank's support for mining diminished in the late 1990s, its private sector arm, the International Finance Corporation, has been considering massive investment in the Philippine projects of Canadian mining company Mindoro Resources.

This is extremely worrying and seems to undermine the position of the rest of the World Bank Group. Lessons of the 2001-4 independent World Bank-funded Extractive Industries Review have yet to be learnt in the Philippines.⁴

The Philippines government presents large-scale mining as 'sustainable'. But the Catholic Bishops state that 'our experiences of environmental tragedies and incidents with the mining transnational corporations belie all assurances of sustainable and responsible mining'.

Mining reduces options for future generations, and the extraction of finite mineral resources can never be genuinely sustainable. At best, mining could make a contribution to sustainable development if mines are developed in the right way, in the right place, and the income generated is used to support sustainable activities.

Precautionary principle

Now, with the prospect of more agricultural lands - including irrigated rice paddies – being damaged or destroyed as mining companies compete for land and water, particularly in water catchment areas, there is an overriding need for national and local governments, corporations and investors to apply the precautionary principle.⁵ This would require that mines be developed only after factoring in the climatic, geographic and demographic conditions, with strict adherence to the legislative protections in place, including respect for indigenous peoples' rights, and ensuring that income generated be used to support sustainable activities.

Our overarching recommendation is for a moratorium on any new mining development. A review of existing mining projects by a credible independent body should determine how far they impact on food production capacity, afford adequate protection to the environment and respect legal provisions and rights.

Our report makes specific recommendations to mining companies, the Philippine government, investors and others. We echo the Catholic Bishops' call for a moratorium and urge the mining industry to refrain from applying for or developing new projects in the Philippines until protections are adequately implemented.

We ask the investment community to refrain from investing in mining project in the Philippines without the necessary protections, and to exercise extreme caution and rigorous due diligence regarding potential human rights and environmental impacts of projects under consideration.

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Notes

1. *Mining in the Philippines: Concerns and Conflicts*, Society of St Columban, 2007, available at www.eccr.org.uk/module-htmlpages-display-pid-22.html.
2. Robert Goodland and Clive Wicks, *Philippines: Mining or Food?*, Working Group on Mining in the Philippines, 2008.
3. Statement on Mining Issues and Concerns, 29 January 2006.
4. Extractive Industries Review: www.ifc.org/eir.
5. Precautionary principle: 1992 Rio Declaration on Environment and Development, Principle 15.