

Mining and quarrying lags

REDUCED OUTPUT brought by regulatory uncertainties made the mining and quarrying sector among the country's underperforming sectors last year.

Data from the Philippine Statistics Authority (PSA) showed the sector's gross value added rose by 1.3% to P85.86 billion in 2018, a slight decrease from the 1.4% growth in 2017.

Nickel, the country's top metal product that accounted for roughly a fifth of the sector's total output, contracted by 5.9% to P18.36 billion last year from P19.50 billion in 2017.

Gold mining likewise declined by 3.7% to P5.55 billion in 2018, a turnaround from the 4.5% expansion it logged the previous year.

Other subsectors that posted year-on-year declines were copper mining (-3.1% to P3.04 billion) and other non-metallic mining (-2.1% to P19.07 billion).

On the other hand, output in crude oil, natural gas and condensate as well as "other" metallic mining managed to turn around their fortunes, recording gains of six percent and three percent, respectively, in 2018 from their declines of 4.7% and 14.3% in 2017.

Stone quarrying, clay and sand-pits grew 10.1%, albeit slower than its 12.6% showing in 2017. Chromium mining registered a 99.4% growth from 46.9% previously.

The mining and quarrying sector accounted for a measly 0.9% of the country's gross domestic product (GDP) as of 2018, PSA's national accounts showed. Furthermore, its

contribution to GDP growth was negligible, chipping in approximately one hundredth of a percentage point (0.01%).

Despite the Philippines being known as having significant mineral reserves, miners in the country have been operating in a negative policy environment since the government in 2012 imposed a moratorium on new mining permits until a new law is enacted that gives the government a bigger share in industry revenues. Such a measure has been refiled in the 18th Congress.

Among others, the measure proposes to reduce the royalty on large-scale mining within mineral reserves to three percent of gross output from five percent currently and introduce a 1-5% margin-based royalty on those outside mineral reserves. At present, only miners operating within mineral reserves are levied a royalty.

This will be imposed on top of other taxes like corporate income tax, excise tax which Republic Act No. 10963 doubled to four percent, the royalty to indigenous communities and local business tax, among others.

Despite the negative policy environment, the 15 mining and quarrying firms on this year's *Top 1000 Corporations* grossed P171.07 billion, up by 12.6% from the previous year. These may be due to improving global prices that increased the value of mineral exports. For instance, data by the Mines and Geosciences Bureau showed year-on-year increases in the average price of the following metals



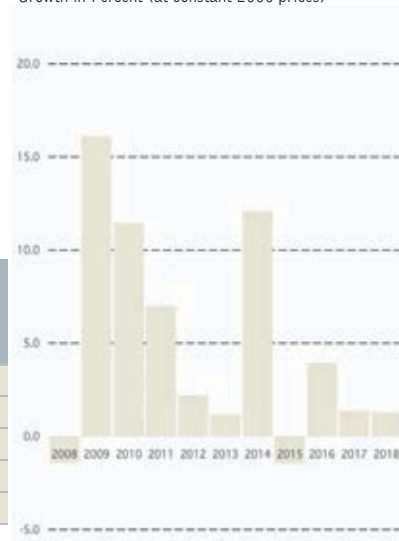
in 2018: 26.4% in nickel, 8.54% in copper, and 1.04% in gold.

Semirara Mining and Power Corp. (No. 75 in the overall ranking) was the top earner among the 15 mining firms in 2018, with P33.28 billion in gross revenue, up by 2.9% from 2017. Meanwhile, Chevron Malampaya LLC (No. 98) was second with P26.67 billion, 30% more than P20.52 billion in 2017.

Other high grossers were the Philippine branch of Shell Philippines Exploration B.V. (No. 110); Coral Bay Nickel Corp. (No. 173); and Carmen Copper Corp. (No. 203). — **Lourdes O. Pilar** ■

GROSS VALUE ADDED

Mining and Quarrying
Growth in Percent (at constant 2000 prices)



SECTOR AT A GLANCE

YEAR	GROSS REVENUE % change	NET SALES % change	NET INCOME P billion	TOTAL ASSETS % change	TOTAL LIABILITIES % change	STOCK-HOLDERS' EQUITY % change	RETURN ON EQUITY	RETURN ON SALES	DEBT-TO-EQUITY RATIO
2014	32.5	33.2	78.97	13.5	5.5	27	0.5	0.4	1.4
2015	(26.0)	(25.5)	25.69	7.8	7.9	7.7	0.2	0.2	1.9
2016	6.3	5.1	29.14	3.7	(4.9)	23.7	0.2	0.2	1.8
2017	10.6	13.2	33.43	0.6	(4.4)	8.4	0.2	0.2	1.4
2018	12.6	11.9	39.99	(4.6)	(13.7)	7.0	0.2	0.2	1.0

Source: Financial statements from the SEC and companies included in the Top 1000