

Filipinos Have Nickel As Saudis Have Oil

By Richard Mills

It wasn't so long ago that politicians weren't very enthusiastic to be associated with the controversial mining industry. How times have changed and none more so than in Philippines.

Today, mineral resource development has become a "key-driver" of the economy. From now until 2010, the industry is expected to create 30,000 jobs and investments are projected to reach US\$10B. For a country that attracted less than US\$2B in foreign direct investment across all sectors just 2 years ago, this is clearly the biggest opportunity there is for the country.

In a recent speech in Shanghai, Philippine President Gloria Arroyo spoke glowingly of her country's massive mineral resources. Valued at US\$1 Trillion, Philippines is considered the Number 5 mineral power in the world because of them.

In nickel, which holds special interest for the Chinese, Philippines is especially flush. The president believes her country holds the largest nickel reserves in the world. "The Philippines is to nickel what Saudi Arabia is to oil," she is quoted as saying.

Some think that all this mineral wealth is even starting to go to her head. There is talk that she wants to control Philippine mineral wealth like the Saudis control their oil.

Recent political appointments to key positions relating to mining seem to give a strong indication of the government's objective. Lito Atienza, a former mayor of Manila and a close ally of Arroyo, was recently given the powerful secretary role at the Department of Environment and Natural Resources (DENR).

Another devoted political supporter named Herherson Alvarez was placed in the chairman position of the government-owned Philippine Mining Development Corporation (PMDC). As the country's "minerals czar," the former senator has vowed to make Philippines a world mining leader by pushing for development of a large number of non-performing and canceled mining tenements. On the same day as the Alvarez announcement, responsibility for PMDC was transferred to the Office of the President.

As a further bid for control, President Arroyo promoted her own brother-in-law, Congressman Ignacio Arroyo, to chairman of the Committee on Natural Resources in the House of Representatives.

It might be said that the political environment for mining has gone the full political circle. From being an industry that no politician wanted to be associated with, it is now considered important enough to attempt complete control.

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