

Issue 3 2014

ALON

Ocean Wave

PANDIMAN PHILIPPINES Inc.

P&I Correspondent in the Philippines

Topics of interest relating to the Philippine Maritime Industry and Shipping

Nickel Ore Trade in the Philippines

House Bill no: 4728 to cease the export of nickel ore and introduce an infrastructure for the processing of mineral concentrates.



Pandiman Philippines Inc.
Pandiman Building
General Luna Street
Intramuros
Manila

Tel: 527 7831 to 40

Email mis@pandiman.com

Visit us at
www.Pandiman.Com



Nickel Ore trade from the Philippines

The export of nickel ore from the Philippines has in the last 10 years been on a major scale. The majority of the ore is mined in the south of the Philippines around an area called Surigao, then being shipped to China the main consumer who appears to have an insatiable appetite for it. Indeed China's interests in the Philippine nickel ore deposits extends to Chinese investors actively being part owners of the facilities. The sheer scale of the operation (millions of tonnes per year) has now attracted the attention of the Philippines government which realised that due to some "exotic" operations in regards to export tax and over subscription on mining permits that a huge revenue to the country has been lost.

In order to address this a House Bill appears to be being "fast tracked" the Bill is entitled;

AN ACT PROVIDING FOR THE MANDATORY DOMESTIC PROCESSING OF ALL MINERAL ORES, AMENDING FOR THE PURPOSE REPUBLIC ACT NO.7942 OTHERWISE KNOWN AS THE PHILIPPINE MINING ACT OF 1995 AND FOR OTHER PURPOSES

The committee has just approved House Bill (HB) 4728, which was sponsored by Rep. Erple John M. Amante

The bill limits the processing of locally-extracted minerals within the country, this will focus especially on nickel ore, seeking to impose a complete ban on the export of unprocessed mineral ores in order to stimulate the growth and development of the country's mineral processing industry.

Congressman Amante states;

"Among the positive attributes and significant contribution of this measure is the increase in the domestic revenue which will be a big impact on the economic growth of the country,"

"It will encourage investments mainly on the mineral processing sector."

The carriage of nickel ore has for many years caused concern to both P&I Clubs and ship owners due to the fact that a high moisture content can lead to the cargo liquefying causing a ship even as large as a handymax to capsize in under one minute. If you wish to have a copy of our guide to the Nickel Ore Trade in the Philippines please email us at either andymalpass@pandiman.com or mis@pandiman.com.

Last month (August) a parallel Bill was filed in Senate by Senator Paolo Benigno Aquino, a first cousin of President Benigno Aquino, also requiring domestic processing of all minerals extracted in the country prior to export if passed into law. The Senate bill proposes six- to 12-year imprisonment plus a fine equivalent to twice the value of seized mineral ores for those found guilty of exporting mineral ores. The existing law does not have limits on mineral ore exports.

We shall monitor the developments closely and update on developments. It will take time for any infrastructure to be put in place, although it is expected that the Bill will move quite quickly the overall effect could take several years. In the meantime we continue to strongly urge all owners to follow P&I Club guidelines and have a surveyor in attendance to monitor the loading of cargo.

A full copy of the proposed Bill is attached

Captain Andrew Malpass _ President & GM
Pandiman Philippines,

