

Title: La Bugal-B'laan Tribal Association, Inc., et al. vs. Victor O. Ramos, et al.

Facts:

The case involves a petition for prohibition and mandamus challenging the constitutionality of the Philippine Mining Act of 1995 (RA No. 7942), its Implementing Rules and Regulations (DENR Administrative Order No. 96-40), and the Financial and Technical Assistance Agreement (FTAA) between the Philippine Government and Western Mining Corporation (Philippines), Inc. (WMCP). Petitioners, consisting of affected indigenous cultural communities, individuals, and NGOs, contend that the law and the FTAA grant foreign entities excessive rights that amount to fully managing, controlling, and operating mineral resources, violating Philippine constitutional provisions which require the State to have full control and supervision over the exploration, development, and utilization of mineral resources. They argue that the FTAA is tantamount to a service contract.

Issues:

1. Whether the case has been rendered moot by the sale of WMC shares in WMCP to Sagittarius Mines, Inc., and the subsequent transfer and registration of the FTAA to Sagittarius, which is a Filipino corporation.
2. Whether the Court can still decide the constitutionality of the challenged provisions, assuming the case has been rendered moot.
3. The correct interpretation of the phrase “agreements involving either technical or financial assistance” under paragraph 4, Section 2, Article XII of the Constitution, and whether FTAAAs are similar to the prohibited service contracts under the 1973 Constitution.

Court’s Decision:

The Supreme Court resolved the issues as follows:

1. The sale of WMC shares in WMCP to Sagittarius Mines, Inc. and the transfer of FTAA did not render the case moot since, despite such transfer, the constitutionality of the FTAA remained in question, and no evidence suggested that the transfer cured the alleged constitutional breach.
2. The Court deemed it proper to resolve the constitutionality issues to remove uncertainty over the mining law’s validity and ensure economic development, while preventing a multiplicity of suits.
3. On interpreting “agreements involving either technical or financial assistance,” the Court held that the framers of the Constitution intended to permit service contracts that provide

for foreign technical or financial assistance consistent with the constitutional mandate of full control and supervision by the State. Thus, agreements involving technical or financial assistance are not prohibited service contracts but are FTAA's that allow foreign contractors to provide essential services, financing, and technical expertise under the regulation and control of the State.

Doctrine:

Philippine constitutional provisions require State control over the exploration, development, and utilization of natural resources. However, this does not preclude entering into agreements with foreign entities for financial or technical assistance, provided that these agreements are within the boundaries of the law, adhere to constitutional limitations, and ensure the State retains full control and supervision.

Class Notes:

- Service contracts, as understood under the 1973 Constitution, were not entirely prohibited but regulated under the 1987 Constitution.
- The State's full control and supervision over natural resources exploration, development, and utilization are compatible with allowing foreign investment and technical assistance in the industry.
- FTAA's are constitutional agreements that allow foreign contractors to operate in the Philippines under stringent regulations, provided the State maintains control and supervision.

Historical Background:

The Philippine Mining Act of 1995 was enacted to promote and regulate the mining industry in the Philippines. In 2004, the Supreme Court initially declared it partially unconstitutional for allowing service contracts with foreign corporations in the exploration, development, and utilization of natural resources. However, subsequent scrutiny of the law, its implementing rules, and the Constitutional debates, led to the current resolution upholding the validity of FTAA's and reinterpreting the constitutional provisions in a way that allows for foreign assistance while retaining State control.