

AUTHORIZING THE DEVELOPMENT, EXPLOITATION AND UTILIZATION OF MINERAL DEPOSITS OTHER THAN THOSE OF NICKEL, COBALT AND IRON WITHIN THE SURIGAO MINERAL RESERVATION, AMENDING FOR TH...

PRESIDENTIAL DECREE NO. 1001, September 22, 1976

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WHEREAS, there is an urgent need to maximize the development, exploitation and utilization of mineral deposits other than those of nickel, cobalt and iron within the Surigao Mineral Reservation in order to take advantage of the increased world demand for mineral resources;

WHEREAS, the immediate development, exploitation and utilization of mineral deposits other than nickel, cobalt and iron within the Surigao Mineral Reservation will substantially help the Government in the generation of much needed foreign exchange in the face of international economic recession brought about by the energy crisis;

WHEREAS, there is a need to make the existing laws on the administration and disposition of the Surigao Mineral Reservation more responsive to prevailing circumstances and to modify and rationalize Government policies in the development of the said Reservation towards giving more opportunity to private enterprises willing to take risk and can generate adequate technical and financial resources for mineral development.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order and decree the following:

SECTION 1. Republic Act No. 1828, as amended, is further amended by inserting between Section 2 and 3 thereof, the following section:

"Sec. 2(a). The provisions of Section 2 hereof notwithstanding, the President of the Philippines, in the interest of the national economy, may authorize the Bureau of Mines to explore, develop and exploit mineral deposits, other than those of nickel, cobalt and iron, within the Surigao mineral reservation, either directly or through a qualified contractor or contractors under an operating contract selected after public bidding or negotiation. The contract herein authorized shall, subject to the approval of the President, be executed by the Secretary of Natural Resources upon recommendation of the Director of Mines. The term of the contract shall be for twenty-five (25) years, renewable for another twenty-five (25) years."

SECTION 2. The same Act is further amended by inserting between Sections 6 and 7 thereof the following new sections:

"Sec. 6-A. Should the President of the Philippines decide to have the operation or any part thereof conducted as authorized by Section 2-A hereof, the same shall be subject to the following minimum terms and conditions:

(a) The operator shall pay and guarantee payment to the government out of the gross annual receipts from all minerals, mineral and metal products, and by-products resulting from the operation, processing and disposition of mineral deposits, other than those of nickel, cobalt and iron, a royalty of not less than five per centum (5%) of the said gross annual receipts. F.O.B. points of export beginning with the end of the first year after the effective date of the contract: Provided, That the operator shall, from the effective date of the contract up to

and including the fifth year after commencement of actual production, be exempt from all taxes, duties, fees and charges, both national and local, directly payable by it for any work or activity, equipment, machinery, materials, instruments, supplies, accessories, structures, buildings, lands, improvement, and/or other properties directly connected with or needed and to be used or being used exclusively in the operation, other than those provided in this Act and except those fees and charges that are imposed for work or services actually rendered to the operator: Provided, further, That the operator shall put in operation the area or areas covered by the contract within two (2) years from the effective date of the contract. Thereafter, penalties may be applied against the operator for failure to effect such production and/or reach certain levels of production within specific time periods, as may be agreed upon: Provided, finally, That exemptions from taxes shall not extend to taxes due from contractor's personnel in their personal capacities;

(2) The operator shall furnish all the management, technological and financial services necessary to carry out the operation;

(3) The operator shall file a bond to guarantee full and faithful compliance with all its obligations;

(4) The operator shall be entitled to repatriate its duly recognized foreign capital investment, plus interest, and remit to non-resident investors or stockholders abroad profits or dividends, subject to the regulations of the Central Bank of the Philippines;

(5) Subject to existing and prior valid rights an operator may enter into one or more contracts with the Government for any portion of the reservation with such terms and conditions as may be appropriate under the circumstances: Provided, however, That within fifteen (15) years from the effectivity of the operating contract, the operator shall select a final area or areas in compact block or blocks, irrespective of water separation of portion to be retained by him, sufficient to meet his reasonable needs as to ore reserves, plant sites, and water resources to ensure commercial operation, but in no case to exceed an aggregate land area of thirty thousand hectares;

(6) The operator shall give preference to Philippine Citizens in all types of employment within the country insofar as such citizens are qualified to perform the corresponding work with reasonable efficiency and without hazard to the safety of the operation, and shall maintain effective program of training and advancement; and

(7) All information and data gathered by the operator shall be furnished the Bureau of Mines, and all books of accounts and records shall be open to the Government for inspection."

"Sec. 6-B. Any royalty derived by the Government under sub-paragraph (1) of Section 6-A, hereinabove inserted, shall accrue equally to the Surigao Mineral Reservation Board and the Bureau of Mines, and shall be allotted for the undertaking of special projects and for the exploration and development of other mineralized government reservations, respectively."

SECTION 3. Sub-paragraphs 7 and 8 of Section 6 of the same Act are repealed.

SECTION 4. Presidential Decree No. 958 is repealed and all laws, decrees, orders and proclamations, rules and regulations inconsistent herewith are hereby repealed or amended accordingly.

SECTION 5. This Decree shall take effect immediately.

DONE in the City of Manila, this 22nd day of September, in the year of Our Lord, Nineteen Hundred and Seventy-Six.

(Sgd.) FERDINAND E. MARCOS

President of the Philippines

By the President:

(Sgd.) JACOBO C. CLAVE

Presidential Executive Assistant

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