

ESTABLISHING SMALL-SCALE MINING AS A NEW DIMENSION IN MINERAL DEVELOPMENT.

PRESIDENTIAL DECREE NO. 1899, January 23, 1984

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WHEREAS, the Philippine mining industry has always been dominated by large-scale mining operations; prevailing statutes, policies, incentives and financing are generally addressed to the large-scale sector of the industry; and capital intensity with high debt-equity ratio, mechanization and heavy energy requirements characterize such type of operations, whose main attraction is the attainment of economies of scale through low cost but large tonnage operations;

WHEREAS, the advent of inflation, volatile commodity prices, multiple increases of oil and fuel prices, stringent environmental control measures and high cost of capital proved to be most disastrous for Philippine large-scale mines;

WHEREAS, abundance of cheap labor in the Philippines, relative flexibility and simplicity of operations, minimum capital requirements, less fuel dependent operations and minimal effects on the environment are among the arguments that lend support to the development of small-scale mining;

WHEREAS, there exist small mineral deposits that are being or could be worked profitably at small tonnages requiring minimal capital investments utilizing manual labor; and

WHEREAS, the development of these small mineral deposits will generate more employment opportunities, thereby alleviating the living conditions in the rural areas and will contribute additional foreign exchange earnings;

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

SECTION 1. Small-scale mining refers to any single unit mining operation having an annual production of not more than 50,000 metric tons of ore and satisfying the following requisites:

- The working is artisanal, either open cast or shallow underground mining, without the use of sophisticated mining equipment;
- Minimal investment on infrastructures and processing plant;
- Heavy reliance on manual labor; and
- Owned, managed or controlled by an individual or entity qualified under existing mining laws, rules and regulations.

SECTION 2. The holders of mining rights meeting the conditions of the preceding section may apply at any time as small-scale mining permittee/licensee, provided they are holders of valid and existing mining rights, who have subsequently complied with existing mining rights, who have subsequently complied with existing mining laws, rules and regulations before the promulgation of this Decree. A permit or license issued for this purpose shall be

valid for two (2) years renewable for another like period.

SEC. 3. The permittee or licensee shall produce within twelve (12) months from the date of the issuance of the permit or license and shall submit verified periodic reports. Non-compliance with these requirements shall result in the forfeiture of the rights granted under this Decree.

SEC. 4. The small scale mining- permittee/licensee shall, during- the term of the permit or license, be exempt from payment of all taxes, except income tax.

SEC. 5. The Bureau of Mines and Geo-Sciences shall provide technical assistance, whenever feasible, as determined by the Director of Mines and Geo-Sciences.

SEC. 6. The Director of Mines and Geo-Sciences may waive some other requirements from other government agencies, which he may deem unnecessary for the proper implementation of the provisions of this decree.

SEC. 7. New mining areas and/or areas covered by existing reservations not covered by valid and existing mining claims at the time of the promulgation of this Decree shall be governed by the implementing rules and regulations that shall be hereinafter promulgated.

The permit area falling under this Section, and its immediate vicinity, shall be closed to mining location and the permittee/licensee shall have the first option to locate such areas under other mining laws/decrees, which shall be exercised within a period of two (2) years from the grant of the permit or license and to cover an area equivalent to but not exceeding one meridional block.

SEC. 8. The Minister of Natural Resources, upon the recommendation of the Director of Mines and Geo-Sciences, shall promulgate rules and regulation to properly implement the provisions of this Decree.

SEC. 9. All laws, decrees, tetter of instructions, executive orders, administrative orders, rules and regulations, or parts thereof, which are inconsistent with any provisions of this Decree, are hereby repealed, amended or modified accordingly.

SEC. 10. This Decree shall take effect immediately.

Done in the City of Manila, this 23rd, day of January, in the year of Our Lord, nineteen hundred and eighty-four.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) MANUEL M. LAZARO
Presidential Assistant for Legal Affairs

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