

SENATE

PSR No. 283



Introduced by Senator Loren Legarda

RESOLUTION

URGING THE SENATE COMMITTEE ON ECONOMIC AFFAIRS AND THE COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE VIABILITY OF LAFAYETTE PHILIPPINES WHICH IS SEVENTY-FOUR PERCENT-OWNED BY LAFAYETTE MINING LTD TO OPERATE THE RAPU-RAPU SPECIAL ECONOMIC ZONE IN THE LIGHT OF THE IMMINENT FINANCIAL FAILURE OF LAFAYETTE MINING LTD.

Whereas, Republic Act 7916, otherwise known as the Special Economic Zone Act of 1995, as amended by Republic Act 8748, was enacted to institute a framework that will facilitate the creation of economic zones in various parts of the country;

Whereas, Section 6 of RA 7916 authorizes the President of the Philippines to establish ecozones subject to the evaluation and recommendation of the Philippine Economic Zone Authority, based on a detailed feasibility and engineering study which must conform to a certain criteria;

Whereas, on May 1, 2004, pursuant to the powers vested under the above laws, the President signed Proclamation 625, creating and designating as a special economic zone an area located at Barangays Malobago and Pacolbon in the Municipality of Rapu-Rapu, Province of Albay;

Whereas, controversies which surrounded the grant of economic zone status remained even after the issuance of the proclamation, some sectors urging the President to revoke the same;

Whereas, the special economic zone is located in the area where the Rapu-Rapu Polymetallic Project, an ongoing mining project, is being undertaken;

Whereas, the Project is operated by the Rapu-Rapu Processing, Inc. (RRPI), a unit of Lafayette Philippines, Inc. (LPI) which is 74-percent owned by Lafayette Mining Ltd ("Lafayette"), an Australian listed company, with the remaining 26 percent held by Philco (jointly owned by LG Metals and Kores, Inc.), a Malaysian corporation;

Whereas, Lafayette Mining Ltd announced on 10 January 2008 that it had just entered into voluntary administration allegedly to avoid bankruptcy;

Whereas, Lafayette Mining Ltd appointed Messrs. Rod Sutton and Peter McCluskey of Ferrier Hodgson as joint and several Administrators of the Company pursuant to section 436A of the Corporations Act 2001 of Australia;

Whereas, there is a need to assess the benefits against the costs or losses the government may have incurred while LPI enjoyed special privileges as an ecozone and in case of losses, to identify remedies for the Philippine government considering Lafayette's imminent financial failure;

Whereas, in the course of the mining operations of Lafayette, two reported mine tailings spills have occurred in the waters of Rapu-rapu, resulting in the spread of various toxic substances to the rivers and surrounding seas killing fishes and other marine organisms;

Whereas, Paragraph (k), Section 36 in relation to Section 71 of Republic Act No. 7942, otherwise known as the Mining Act of 1995, require project proponents to restore or rehabilitate mined out areas and other areas affected by mine tailings and other forms of pollution or destruction;

Whereas, the financial failure of Lafayette has a direct bearing on the country's economic growth and environmental sustainability specifically on the local economies and communities of Albay and of the Bicol Region which is among the areas most vulnerable to extreme climate events;

Whereas, there is a need to investigate the viability of Lafayette to carry out its operations as a special economic zone and to ensure that its responsibility under RA 7942 to rehabilitate terrestrial and marine impact areas is enforced;

NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, by the Senate of the Philippines, to urge the Senate Committees on Economic Affairs and Environment and Natural Resources to inquire, in aid of legislation, into the viability of Lafayette Philippines which is seventy-four percent-owned by Lafayette Mining Ltd to operate the Rapu-Rapu special economic zone in the light of the imminent financial failure of Lafayette Mining Ltd.

Adopted,


LOREN LEGARDA
Senator