

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



SIXTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 4780

Introduced by Rep.  Alfredo "Albee" B. Benitez

EXPLANATORY NOTE

In July 2012, President Benigno Simeon C. Aquino III issued Executive Order No. 79 halting the issuance of mining licenses and banned mining from some seventy-eight (78) areas considered sensitive ecosystems, crucial to farming or tourism or unsuitable for other reasons. The Executive Order also created the Mining Industry Coordinating Council (MICC) with the mandate to review the national policy on mining.

Notwithstanding the issuance of the order, magnetite sand or black sand mining continued unabated in Northern Luzon, particularly in the Ilocos and Cagayan Valley regions wherein several mining companies vigorously conducted mining operations for magnetite sand that are being exported to other countries as raw materials. Indeed, the large-scale extraction of the valuable mineral, onshore and offshore, has been inevitable due to the massive international demand for magnetite sand as a major source of high-grade steel and ingredient of high-strength concrete. Magnetite sand is also being used as an industrial mineral essential in the production of iron sulfate used to purify water, magnets, counterweights, inks, papers, jewelries, cosmetics, and other high value products.

Indubitably, the mining companies engaged in magnetite sand mining in Northern Luzon and in other areas of the country with large deposits of the magnetite sand had been reaping huge profits. However, it is undeniable that the Philippine economy is actually losing billions of dollars as a result of the trade imbalance arising from the cheap export price of magnetite sand as raw material vis-à-vis the expensive cost of processed products imported from other countries. We are also losing more in terms of unrealized potential revenues that could be derived from the production of high-value products if we shall

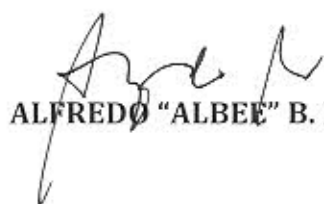
undertake the advance processing of magnetite sand in the Philippines rather than merely exporting it as a raw material. Of course, we are yet to quantify in financial terms the adverse environmental impact of the highly-destructive, illegal operations of several unscrupulous mining companies that has already extracted magnetite sand in critical areas for the past decade.

Notwithstanding the current disadvantageous situation wherein the Philippines has not been able to greatly benefit from the exploitation of its abundant magnetite sand resources, the tremendous economic gains that can be derived from magnetite sand cannot be ignored. Significantly, no less than the incumbent Chief of the Mineral Economics Division of the Mines and Geosciences Bureau (MGB) of the Department of Environment and Natural Resources (DENR), Mr. Manuel Banaag has consistently maintained that "mining magnetite, also known as black sand, has the potential of boosting the country's mineral sector, create more jobs and start the local steel industry rolling." Yet, this can only be achieved if the national government could muster the political will to require the establishment of steel manufacturing plants and/or advance processing facilities for magnetite sand in the Philippines. Indeed, this will significantly lessen our dependency on imported steel which translates to more infra-structure projects all over the country.

Hence, this bill proposes to prohibit the export of magnetite sand as raw material to other countries and to require all magnetite sand mining companies to individually or collectively establish or rent magnetite advance processing plants in the provinces where they are actually conducting extraction/ mining operations of magnetite sand. Only final marketable forms of the magnetite sand-based products will be allowed for export.

The passage of this bill will not only create jobs and catalyze economic development in the respective communities/provinces where the valuable natural resource is being tapped but shall likewise reduce the volume of extraction to ecologically sustainable levels pre-empting the adverse environmental impact of mining operations.

In view of the foregoing, the immediate passage of this crucial legislation is earnestly sought.


ALFREDO "ALBEE" B. BENITEZ

Republic of the Philippines
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SIXTEENTH CONGRESS
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HOUSE BILL NO. 4760

Introduced by **Rep. Alfredo "Albee" B. Benitez**

AN ACT PROHIBITING THE EXPORTATION OF RAW MAGNETITE SAND

Be it enacted by the Senate and the House of representatives in the Philippines assembled:

SEC. 1. Short Title. – This Act shall be known as the "Magnetite Sand Processing Act of 2014".

SEC. 2. Declaration of State Policy.- Section 2, Article 12 of the Philippine Constitution states that *"All lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces of potential energy, fisheries, forests or timber, wildlife, flora and fauna, and other natural resources are owned by the State. With the exception of agricultural lands, all other natural resources shall not be alienated. The exploration, development, and utilization of natural resources shall be under the full control and supervision of the State."*

SEC. 3. Definition of Terms. – As used in this Act:

- a.) "Magnetite sand" commonly known as black sand, refers to the black colored sand with high concentration of magnetite which is a magnetic and very dense mineral iron.
- b.) "Raw material" refers to the magnetite sand extracted from the mining activities prior to its processing into iron/ steel products and other value-added final products.

- c.) "Processing plant" refers to the factory or manufacturing facility where magnetite sand/ ores will be processed as raw materials into iron/ steel products and/or into other final products.
- d.) "Final products" refers to the magnetite-based products aside from iron/ steel products that are produced with advance processing and specialized manufacturing techniques in order to derive high-value, marketable products such as iron sulfate, magnets, paints, inks, papers, jewelries, cosmetics, etc.
- e.) "Basic processing" refers to the rudimentary process of extracting the raw materials from the mining area and separating the magnetite sand from ordinary sand, rocks and other non-essentials with the use of magnetic separator. This process does not actually change the magnetite sand but merely enhances its quality as a raw material by optimizing the magnetite content.
- f.) "Advanced processing" refers to the complex processing of the magnetite material into Direct Reduced Iron (DRI) or into final marketable products like high-grade steel, iron, magnets, paints, inks, papers, jewelries, cosmetics, and other final products that resulted from advanced physical and/or chemical transformations of the basic-processed magnetite.
- g.) "Magnetite sand mining companies" refers to the private domestic corporations duly registered under the laws of the Republic of the Philippines with valid and existing mineral production sharing agreement (MPSA) that are actually engaged in mining operations.
- h.) "Magnetite sand trading companies" refers to private domestic and/or foreign-owned corporations, partnerships, associations, or cooperatives duly registered in accordance with law with pertinent permits and licenses to engage in the business of trading magnetite sand and other minerals from mining companies.

SEC. 4. Export Prohibition. The export of raw magnetite sand and magnetite ores to other countries is prohibited under this Act. The Magnetite Sand Mining/ Magnetite Trading Companies shall only be allowed to transport and export magnetite-based materials in the form of iron products, steel products, and other valued-added final products derived from advanced-processed magnetite.

SEC. 5. Establishment of Advanced Processing Plants for Magnetite Sand like Iron/ Steel Manufacturing Plants and Commercial/ Industrial Processing Facilities. All foreign and/or local magnetite sand mining/ magnetite sand trading companies are required to bring their materials to basic and advanced processing plants based and operating within the Philippines. The mining/ trading companies may, subject to existing laws, establish their own magnetite sand processing facilities or may engage the services of existing basic and advanced processing facilities based and operating in the Philippines.

SEC. 6. *Implementing Rules and Regulations.* The implementing rules and regulations for this Act shall be promulgated by a joint committee comprised of competent representatives of the Department of Environment and Natural Resources (DENR) and the Department of Trade and Industry (DTI).

SEC. 7. *Penal Provision.* Any individual who violates any provision of this Act shall suffer imprisonment of not less than two (2) years and a fine of not less than One Million Pesos (Php1,000,000.00).

SEC. 8. *Repealing Clause.* All laws, decrees, orders, rules and regulations or other issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed and modified accordingly.

SEC.9. *Separability Clause.* If any clause, sentence, paragraph or part of this Act shall be adjudged by any Court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder of this Act, but shall be confined in its operation to the clause, sentence, paragraph or part thereof directly involved.

SEC.10. *Effectivity.* This Act shall take effect fifteen (15) days following the completion of its publication either in the Official Gazette or in a newspaper of general circulation in the Philippines.

Approved.