

Ms. Meredith Cross Director,
Division of Corporate Finance
Securities and Exchange Commission
100 F Street, NE Washington, DC 20549-4628

Dear Ms. Cross,

I write this letter upon the request of a colleague from Revenue Watch, our partner in advocating for transparency in extractives. Bantay Kita is a national coalition of civil society organizations based in the Philippines. Our advocacy is to promote transparency in the extractive industries, in the region but most particularly in our own country.

In the last few years, much controversy has accompanied the large-scale mining sub-sector in our country. "Host" populations have been registering their opposition to the environmental destruction that has been brought about by these projects and deplore the fact that benefits from these have accrued to a small minority. This situation has become a matchstick for social strife and division within local constituencies. One of the major issues is that the companies, upon seeking local consent, were not sufficiently forthright about the effects of their projects - particularly, with respect to timber rights, water rights, land rights, compensation packages, and other environmental destruction.

To date, 85% of operating large-scale mining projects are involved in conflicts with local populations. In response to this opposition, there have been cases of human rights violations and abuses. As a result of this opposition, as many as 20 local government units have passed environmental laws and or mining moratoriums that have the effect of hindering these large-scale mining operations.

We are not anti-mining. But, we believe that the extraction of vital non-renewable resources should be done in a manner that is beneficial to all stakeholders, the national government, the local government units, local populations, as well as investors. In response to the inadequacy of current mining policy/law, the Philippine Congress is deliberating on a consolidated version of a number of alternative mining bills that have been filed in the House of Representatives.

Transparency is a vital concern, in the negotiating process, in the rules of engagement and in the collection of revenues. The national government has begun to feel the pinch of receiving only meager revenues but one of our problems is that tax returns in this country are confidential. Reform is needed in many areas related to revenue collection. One area is in the reporting of production values, on which tax liabilities are based. Government statistics show that mineral exports have consistently outstripped production, which implies gross not just errors in under-declaration.

Even as we continue to advocate for transparency in all aspects of the value chain, we advocate for revenue transparency and were heartened by the passage of the Dodd-Frank Act. We sincerely hope that the implementing rules of this law will extend to project level information. This will be especially useful to Philippine mining constituencies and local governments who have no access to tax declarations of large-scale mining projects.

With your permission, our office will email a recent research on mining revenues in my country which will inform you more thoroughly on the points that have been raised in this communication.

Wishing you a happy christmas and heartfelt best wishes for the valuable work that you are undertaking!

Very Truly Yours,
Maita Gomez

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