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January 27, 2025

Sen. Win Gatchalian

Chairperson, Committee on Ways and Means

Philippine Senate

Rooms 512 & 22 (Extension)

GSIS Bldg., Financial Center, Diokno Blvd., Pasay City

Dear Senator Gatchalian:

The undersigned members of the Joint Foreign Chambers of Commerce (JFC) write to express our support for Senate Bill 2826 or the *Enhanced Fiscal Regime for Large-Scale Metallic Mining Act*. The proposed measure seeks to improve the existing legal framework governing the Philippine mining industry by creating a fairer and simpler mining tax regime.

The JFC supports the recent efforts of government to make the Philippines a more attractive destination for foreign investment. During the June 25, 2024 meeting of the Legislative Executive Development Advisory Council (LEDAC), the Council included as one of the top priority measures for passage the *Rationalization of the Mining Fiscal Regime to enable the nation to better reap the benefits of the Philippines' rich mineral resources by introducing a straightforward and streamlined fiscal policy*.

The current tax regime for mining activities is notably complex, as it provides for differential tax treatments that factor in the different licenses, agreements, and locations of the mining operations. The JFC welcomes the push to rationalize and simplify the tax regime.

While the Philippines is a significant producer of a wide variety of minerals, from precious metals to iron and ferro-alloy metals and base metals, domestic supplies have yet to reach an optimal point which allows for further investments in value-adding activities and downstream industries. In order for the Philippines to reach the necessary production volume and supply, the creation of a more conducive investment environment to encourage more mine operations is critical. We believe that SB 2826 is a step in the right direction, as it gives investors more certainty through a simplified tax regime and provides a less burdensome tax imposition by focusing on profit.

In this context JFC supports an enhanced fiscal regime for mining in the Philippines that: does not increase significantly the *Average Effective Tax Rate* (AETR as defined by the IMF) so that total cost of Philippine mining products remains internationally

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competitive; taxes and royalties etc. be applied to net profit so that mining companies remain financially viable; and there be no imposition of an export ban on Philippine mining products that would be a disincentive to foreign investment in mining in the Philippines.

Moreover, we support the Philippine government's emphasis on sustainable mining practices. Given the higher standards placed on mining companies – relative to the country's regional competitors – the JFC believes that the Philippines is well placed to be a regional leader in *clean mining*, particularly in *clean nickel*.

For these reasons, the Joint Foreign Chambers of Commerce urges the Senate Committee on Ways and Means to fast track deliberations on the measure so that this important piece of legislation can still be passed in the remaining months of the 19th Congress.

Thank you very much, and we look forward to continued partnership with your office.

The JFC is a coalition of the American, Canadian, European, Japanese, and Korean chambers and PAMURI. The JFC supports and promotes open international trade, increased foreign investment, and improved conditions for business to benefit both the Philippines and the countries we represent.

Sincerely,

EBB HINCHLIFFE

Executive Director
American Chamber of
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Inc.

JULIAN PAYNE

President
Canadian Chamber of
Commerce of the Philippines,
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PAULO DUARTE

President
European Chamber of Commerce
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