



CHAMBER OF MINES
OF THE PHILIPPINES

Annex B

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April 14, 2005

Handwritten signature and initials
4/14/05

HER EXCELLENCY
PRESIDENT GLORIA MACAPAGAL-ARROYO
Malacañang Palace, Manila

Dear Madame President,

I am glad to inform you that upon invitation of the British Government, I attended the Extractive Industries Transparency Initiative (EITI) in London last March 17, 2005. This was a few days after our successful road-show in Toronto during the 2005 International Convention, Trade Show & Investors Exchange undertaken by the Prospectors and Developers Association of Canada (PDAC) where a team of 25 from the private sector led by myself attended. The government was headed by Ambassador Defia Albert with DTI Undersecretary and BOI Managing Head, Elmer Hernandez and DENR/MGB Director Horacio Ramos. (Please see attached separate report)

The EITI aims to ensure that revenues from extractive industries like mining, oil and gas contribute to sustainable development and poverty reduction and speaks well with your administration's program of good governance. This initiative was spearheaded by the UK Department for International Development in 2002 and is closely linked with the World Bank Group in promoting transparency in these industries.

With the on-going revitalization of the mining industry and with several projects expected to take off within the year, the development of a framework to promote transparency of payments and revenues in the mining, oil and gas industries will mitigate the concerns of civil society and NGOs in strengthening accountability and good governance. This will also ensure the prudent utilization of natural resource wealth that will provide the basis for sustainable economic growth and social development particularly in the rural areas where the projects are located and where majority of our poor people live.

With the strong clamor by the local government units in getting their share of mining, oil and gas revenues provided for in the Local Government Code, it will be beneficial for the government to implement this transparency initiative as this will encourage LGUs to manage revenues efficiently thereby enhancing the delivery of basic services to the people. It will also encourage LGUs to implement developmental projects that would yield substantial benefits to their constituencies.

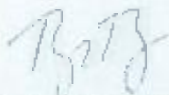
I believe that by implementing transparency in our business, we shall not only improve our investment climate but also our economic and political stability.

The International Council on Mining and Metals (ICMM) recently indicated that "governance issues continue to challenge Asian countries as they ranked at the bottom of international indices for transparency and economic freedom with the ability to conduct business, enforce a contract and register a property being many times slower than the best performers globally". I believe we have started right by streamlining the entire process of dealing with our regulatory requirements and by shortening the timeframes of permitting process.

We hope that the President will consider the adoption of EIT as an implementing mechanism in addressing the interest of government, industry and civil society towards the revitalization of the mining industry.

Once again I would like to thank you for your continuing support to our industry. We assure you of our commitment as partners in the country's development.

Respectfully yours,



BENJAMIN PHILIP G. ROMUALDEZ
President

cc: Hon. Michael T. Defensor
Secretary, DENR

Hon. Cesar V. Purisima
Secretary, DOF

Hon. Romulo L. Neri
Secretary General - NEDA

Hon. Angelo T. Reyes
Secretary, DILG