Liberalizing the Philippine Mining Industry: A CGE approach into analyzing its sectoral impacts on the economy

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The mining industry in the Philippines was once a promising venture that could contribute to the growth of output in the economy. Numerous legislations in support of mining in the Philippines have been passed through the years has proven ineffective in spurring development in the industry. Despite the spotted history of mining in the Philippines the rising prices in precious metals in the world would make it seem that mining as a venue for output is as lustrous as ever. Due to the economic downturn in the mid 2000s the markets turned their attention back to heavily investing in precious metals causing most of them to hit their all-time highs. Unfortunately, mining in the Philippines is a noted underperformer during the periods of growth which can be attributed to the fact that it is a young industry but with many concerns tied to it as well. Some of the concerns lie within the protection of the environment while others with the protection of the stake of the economy. ISO guidelines to mining led many countries into levying taxes that would attribute to pollution and the Philippines is no exception. On the other hand, the Philippine Mining Act of 1995 opened mining in the Philippines for business hoping to draw in potential investors and put the potential of the mining industry in the Philippines to use. By using the 1994 Social Accounting Matrix for the Philippines and the Computable General Equilibrium model developed by Cororaton (2000), the proponents of this paper, with the aid of General Algebraic Modeling System (GAMS) will forecast the effect of certain shocks (specifically carbon taxes levied and the mining act of 1995) on relevant sectors in the Philippine economy, as well as its impact on the welfare of various households and factor inputs. From there, we can draw out policy implications that will spur or combat any potential sources of growth and vulnerabilities.