

SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )

SENATE

P. S. RES. NO. 612



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RECEIVED BY: \_\_\_\_\_

Introduced by Senator JOEL VILLANUEVA

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**RESOLUTION DIRECTING THE COMMITTEE ON PUBLIC INFORMATION AND MASS MEDIA AND OTHER APPROPRIATE SENATE COMMITTEES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE NECESSITY OF REQUIRING THE MANDATORY DISSEMINATION OF INFORMATION RELATING TO THE BENEFICIAL OWNERS OF COMPANIES ENGAGED IN THE BUSINESS OF EXPLORATION, DEVELOPMENT AND/OR EXTRACTION OF RESOURCES**

**WHEREAS**, the Philippine Constitution stipulates ownership restrictions on mass media and the exploration, development and utilization of minerals, coal, oil and gas, among others;

**WHEREAS**, the Securities and Exchange Commission (SEC) recently revoked the corporate registration of Rappler, an online news network, for allegedly violating the Foreign Equity Restriction in Mass Media enshrined in Article XVI, Section 11 (1) of Constitution;

**WHEREAS**, Article XII, Section 2 of the Philippine Constitution states that all minerals, coal, petroleum and other mineral oils are owned by the State;

**WHEREAS**, the Philippines is known for its abundant minerals, oil and gas reserves and is estimated to possess about 21.5 billion metric tons of metal deposits, highest in Southeast Asia.<sup>1</sup> The Philippines has potential deposits of petroleum of about 8.9 billion barrel of oil equivalent (bboe) or a total of about 1 million square kilometer;<sup>2</sup>

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<sup>1</sup> Data from the Department of Environment and Natural Resource Mines and Geosciences Bureau.

<sup>2</sup> Data from the Philippine Extractive Industries Transparency Initiative Report 2014.

**WHEREAS**, mineral, oil and gas are finite resources, with a single opportunity to gain from its extraction. Thus, ensuring that the Filipino people maximize benefits from it while minimizing losses is essential;

**WHEREAS**, disclosure of beneficial ownership of extractive companies operating in the country will peel off corporate layers to allow the examination of ownership among firms, and understand the influence of companies or individuals that may distort markets and encourage quick gains over long term economic and social development;

**WHEREAS**, the Philippines is committed to participate in the Extractive Industries Transparency Initiative (EITI) through Executive Order 79.<sup>3</sup> EITI is a global standard of transparency in the management of mining, oil, and gas resources. EITI provides a platform to systematically report on, review, and assess what is being paid by companies and received by governments through a system of bilateral disclosures;


**WHEREAS**, as EITI requires participating countries to establish a Beneficial Ownership Registry by 2020, which is a publicly available register of extractive entities that apply for, or hold a participating interest in an exploration or production oil, gas or mining license or contract, including the identities of their beneficial owner(s), the level of ownership and details about how ownership or control is exerted;<sup>4</sup>

**WHEREAS**, a beneficial ownership registry will help increase trust and accountability, improve investment climate, enhance revenue collection, and prevent corruption and illicit financial flows;

**WHEREAS**, such examination should be done correspondingly for the extractive industry to assure compliance of the relevant governing laws;

**RESOLVE BY THE SENATE**, that the Senate Committee on Public Information and Mass Media and other appropriate committees of the Senate conduct an inquiry, in aid of legislation, about the necessity of requiring the disclosure of information relating to the beneficial owners of the extractive industry specific to metallic mining companies to ensure transparency and compliance with the foreign equity restriction to the Philippine Constitution, reduce business risk, create a level playing field, prevent corruption and illicit financial flows and enhance revenue collection.

Adopted,

  
Senator Joel Villanueva

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<sup>3</sup> Section 14, Executive Order No. 79, s. 2012.

<sup>4</sup> EITI Requirement 2 – Legal and institutional framework including allocation of contracts licenses. The complete guide to EITI Standard 2016 can be accessed through <https://eiti.org/document/standard>