

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

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SENATE
P.S. Res. No. 802

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INTRODUCED BY SENATOR JOSEPH VICTOR G. EJERCITO

RESOLUTION
DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN
INQUIRY, IN AID OF LEGISLATION, ON THE STATUS OF THE PHILIPPINE
STEEL INDUSTRY, TO ASSESS ITS VITAL ROLE IN NATIONAL
DEVELOPMENT, WITH THE END IN VIEW OF CRAFTING LEGISLATION AND
POLICIES THAT MAY HELP REVITALIZE THE STEEL INDUSTRY IN THE
COUNTRY

WHEREAS, the Philippines sits on vast reserves of minerals, both metallic and non-metallic. One of the Philippines' largest mineral deposits is iron ore with almost 300 million metric tons of reserves. Iron ore is often used to produce steel;

WHEREAS, Republic Act No. 7103 otherwise known as the "*Iron and Steel Industry Act of 1991*" declares that the State shall promote industrialization through the immediate establishment of an integrated iron and steel industry that makes full and efficient use of the country's human and natural resources";

WHEREAS, the Philippine iron and steel industry is a vital component in achieving inclusive economic growth and national development. The industry provides key material inputs for the construction of roads, buildings, houses and factories. Iron and steel are utilized by both commercial and industrial enterprises, such as electronics, appliance manufacturing, and shipbuilding, among others;

WHEREAS, the iron and steel industry is widely considered one of the drivers of industrialization and a major backbone of all industries in the economy. In fact, based on the experience of developed countries, industrialization is strategically linked with the growth and development of the iron and steel industry;

WHEREAS, despite huge deposits of iron ore in the country, production and demand for steel has been dismal. According to the Southeast Asia Iron and Steel Institute (SEASI), domestic steel production dropped by 7% in 2017;

WHEREAS, according to the Philippine Iron and Steel Institute (PISI), steel consumption in the country is low at 63 kilograms per capita compared to the world average of 225 kilograms per capita;

WHEREAS, the latest published Census of Philippine Business and Industry (CPBI) by the Philippine Statistics Authority (PSA) reveals that there are only 16 establishments involved in mining iron ore in 2012. PSA also reports that there are only 282 establishments involved in manufacturing iron and steel in 2014;

WHEREAS, considering the local iron and steel industry's limited production, the country heavily relies on importing the products, and imports about half of its requirements. In May 2018, iron and steel came in fifth in the country's top import value with an import value of \$551.29 million. Import of this commodity increased by 31.4 percent over the May 2017 value of \$419.50 million;

WHEREAS, according to a study presented in the National Convention on Statistics (NCS) in 2013, the Philippines has a shorter range of steel products manufactured relative to its neighboring countries. Production capacity of the local industry for most products is at least 40% lower compared the ASEAN average;

WHEREAS, a revitalized steel industry is imperative in light of the Duterte administration's ambitious "Build, build, build" program to drive the country's economy. The program is expected to boost demand for steel and construction materials between now and 2022;

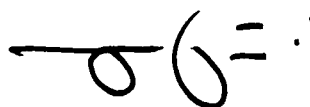
WHEREAS, no less than President Duterte emphasized the need to revive the steel industry. Describing the steel industry as "the mother of all industries" and the "backbone of industrialization", the President has said he would vigorously push for the revitalization of the country's steel industry as one way of achieving economic growth;

WHEREAS, in order to improve the competitiveness of the steel industry, the government needs to set a strategic vision and formulate a specific framework which will address the needs of the industry, and determine opportunities for development;

WHEREAS, given that the iron and steel sector is currently operating far below its full economic potential, there is an urgent need to review government's policies and roadmap for the steel industry;

NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, to direct the appropriate Senate committee, to conduct an inquiry, in aid of legislation, on the status of the Philippine steel industry, to assess its vital role in national development, with the end in view of crafting legislation and policies that may help revitalize the steel industry in the country.

Adopted,



SENATOR JOSEPH VICTOR G. EJERCITO