

DEPARTMENT CIRCULAR

MANDATING PETROLEUM SERVICE CONTRACTORS AND COAL OPERATING CONTRACTORS TO PARTICIPATE IN THE PHILIPPINE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (PH-EITI)

WHEREAS, Section 28, Article II of the 1987 Constitution provides that the State adopts and implements a policy of full public disclosure of all its transactions involving public interest, subject to reasonable conditions prescribed by law;

WHEREAS, Section 7, Article III of the Constitution guarantees the right of the people to information on matters of public concern;

WHEREAS, Section 16, Article II of the 1987 Constitution provides that the State shall protect and advance the right of the Filipino people to a balanced and healthful ecology in accord with the rhythm and harmony of nature;

WHEREAS, Section 4 of Presidential Decree No. (PD) 87, as amended, otherwise known as the "Oil Exploration and Development Act of 1972" and Section 4 of PD 972, as amended, otherwise known as "The Coal Development Act of 1976", allow the Philippine Government (the "Government") to promote and undertake the exploration, development, and production of the country's indigenous petroleum and coal resources through service/operating contracts with contractors;

WHEREAS, Republic Act No. 7638, as amended, otherwise known as "The Department of Energy (DOE) Act of 1992", mandates the DOE to prepare, integrate, coordinate, supervise and control all plans, programs, projects and activities of the Government relative to energy exploration, development, utilization, distribution, and conservation;

WHEREAS, Executive Order No. 147, series of 2013 instituted the Philippine Extractive Industries Transparency Initiative;

WHEREAS, Section 5.a of Executive Order No. 147 mandates the DOE, as part of the PH-EITI Multi Stakeholder Group (MSG), to ensure the commitment of the different stakeholders to the implementation of EITI, which in this case is the indigenous energy extractives sector;

WHEREAS, the Philippine government is committed to ensure greater transparency and accountability in the indigenous energy extractive industries, specifically in the way the government collects, and companies pay taxes from indigenous energy extractive industries;

WHEREAS, Executive Order No. 2, series of 2016 provides that every Filipino shall have access to information, official records, public records and to documents and papers pertaining to official acts, transactions or decisions, as well as to government research data used as basis for policy development;

NOW, THEREFORE, the foregoing premises considered, to institutionalize transparency and accountability in the management of indigenous energy resources in the country, strengthen the monitoring of the indigenous energy extractives sector and pursue responsible extraction of indigenous energy resources in the country, all petroleum service contractors and coal operating contractors are directed to

participate in the Philippine Extractive Industries Initiative (PH-EITI) in accordance to the requirements set by the Philippine Multi-stakeholders Group where the Government, the industry and civil society are represented.

The failure of the petroleum service contractor or coal operating contractor to comply with the disclosure requirements of PH- EITI shall cause the suspension of the pertinent Petroleum Service Contract or Coal Operating Contract until such time that the said contractor has complied with the PH-EITI requirements.

Effectivity. This Circular shall be effective fifteen (15) calendar days after its publication in two (2) newspapers of general circulation.

Issued at Fort Bonifacio, Taguig City this ____th day of _____ 2019.

ALFONSO G. CUSI

Secretary