

THE POLITICS OF NATURAL RESOURCE EXTRACTION IN SOUTHEAST ASIA

List of abstracts

Governance of Mining Sector in Post-authoritarian Philippines ***By Alvin Camba (University of the Philippines)***

The paper re-analyzes The Philippine state and its neoliberal underpinnings by examining the tensions of governance model in the mining, one of the primary export sectors of the country. By examining the critical junctures since the post-people power period, the paper argues that the Philippines is less neoliberal than it is purported to be. What we see is a product of negotiation amongst national and local government, transnational companies, social movements, and regional actors. Due to the significant value of the mining in the development of post-1986 Philippines, the sector has been the focus of contention and compromise. Instead of clearly following the neoliberal track, the paper argues that the Philippines is weak but persistently neoliberal; the historical legacy of the dictatorship, traditional kinship patterns, local and national divide are political fault lines which exist in mining. As such, the paper finds multifarious model of governance in the mining sector in the following domains: tensions in centralized politics, social movements and internationalism, a contradiction to the supposed responsibility to indigenous traditions, the dilemmas of transnational companies with regards to neoliberal governance, and the resulting issues arising from this complex set of arrangements.

Rent incomes from natural resource extraction and its impact on governance structure in Southeast Asia ***By Nina Korte (German Institute for Global and Area Studies)***

The Nature of rule of various Southeast Asian countries is widely described as neopatrimonial. Formal state institutions are fused with informal, particularistic politics of rulers. The separation between the public and private real, which stands at the basis of the "modern" state conception, is abrogated. This mix rationalities is perceived to have a corrosive effect of the state, state-society relations and the capability of public administration. Thus, with regard to the state's development aims, an important riddle to be solved in which factors influence the persistence and change of neopatrimonialism. Political economy concepts imply that high rents defined as "politically mediated opportunities for obtaining wealth through non-productive economic activity" from enclave economies such as oil extraction, mining and/or export agriculture are responsible for existence and persistence of neopatrimonialism. This paper aims to investigate the explanatory power of this approach. Indonesia, possibly this comparison to the Philippines, will serve as the case study. Rent incomes from natural resource extractions over the course of the last 50 years will be estimated and put into context with neopatrimonial developments on the political level, measured by the three dimensions of 1) concentration of power, 2) provision of personal favours through direct and indirect exchange between patrons and clients, and 3) particularistic use of state resources.

A set of five intervening variables, socio-economic development, political culture, multiethnicity, strength of state and democratic transition is attempted to be incorporated, as it is assumed, that rent cannot serve as the only explanatory factor for existence, persistence and change of neopatrimonialism, but need to be seen in the context with other factors.

Keywords: Natural Resources, Neopatrimonialism, rents, Southeast Asia

A New Era of Natural Resource Bounty or Curse for Vietnam? A Case Study of the Mining Sector in Vietnam

By Jason Morris-Jung (Univ. of California – Berkeley) & Tran Trung Kien, (Consultancy on Development)

Historically, Southeast East Asian nations have mostly eluded the Nature Resource Curse, being rich in natural resources while posting strong economic growth. However, the growing demand for primary natural resources in China and the regional dominance of its manufacturing industries are laying the grounds for a new era of natural resource extraction in Southeast Asia. Ian Coxhead (2007) has argued that China's economic boom is causing poorer Southeast Asian nations to lose comparative advantage in manufacturing while gaining it in the natural resource sector, creating new possibilities for a Natural Resource Curse in Southeast Asia. The Natural Resource Curse thesis suggests that these nations could suffer lower economic performance and increased vulnerability to market volatility, decreased returns in natural and human capital, or even shifts in domestic governance towards the "predatory" state. In particular, Vietnam is expected to experience the greatest loss in the manufacturing sector equivalent to 0.4% of GDP because of these emerging regional dynamics (Coxhead 2007). In this paper, we will examine the possibilities of a Natural Resource Curse phenomenon occurring in Vietnam based on a case study of the mining sector. By examining the mining sector's (1) legal framework, (2) governing institutions, (3) position in the domestic economic structure and (4) international factors, notably the influence of China, we will assess Vietnam's potential vulnerability to the Natural Resource Curse and, in doing so, potential applications of the Natural Resource Curse thesis to Southeast Asia.

Theoretical Considerations and Comparative Aspects in the Political Analysis of Natural Resource Extraction in Southeast Asia

By Jojo Nem Singh (University of Sheffield)

The paper draws upon the current literature on political economy of natural resource extraction and Southeast Asian political economy to analyse specific themes as regards policy making on mineral extraction. Using historical institutionalist approach, the paper presents three main issues as regards extractive resource policy: first, the nature of state capacity and broader political economy of development; second, the existing forms of social conflicts around mining, particularly on environmental management and mitigation issues to affected communities; and finally, the resource curse, regime change and continuity, and the

effects of the recent expansion of the extractive sector in lieu of the rapid economic transformations in Asia. To illustrate these conceptual and empirical issues, I likewise draw upon policy lessons in one of the most successful mining countries in Latin America - Chile - to demonstrate the ways problems around mining can have been overcome and the prospects of a resource-based model of development.

KEYWORDS: Political economy of mining; historical institutionalism; state capacity; Chilean political economy; politics of resource extraction; Southeast Asia

Mapping out Conflicts in Mining Areas: Drawing Lessons and Seeking Spaces for Building Principled Consensus Towards Effective Mining Governance in the Philippines

By Majen Ong (Ateneo de Manila University)

The Philippine Government considers mining as a driver for economic growth and thus aggressively promotes the industry as a major source of revenue. With this, however, came a huge divide between stakeholders who hold divergent views with respect to mining. On one hand, there are those who believe that mining holds key to development. Others, on the other hand, doubt its viability in a weak state such as the Philippines which is prone to corruption and regulatory capture.

In 2007, the School of Government of the Ateneo de Manila University in the Philippines embarked on "Reforming Environment and Natural Resources (ENR) and Mining Governance" a project which commenced with a study on the country's mining governance framework vis-à-vis the different conflicts related to mining. The study found that many conflicts emanate from the unclear roles and delineation of powers of the National Government and Local Government Units (LGUs), the lack of capacity of the LGUs to properly govern ENR, as well as the inadequate transparency and accountability mechanisms in place.

The proposed paper will build on the initial study and the School's experience in implementing the recommendations put forth by the research, namely: strengthening the capacity of stakeholders (LGUs, civil society, and community) to meaningfully participate in ENR and mining governance; promotion of Social Accountability in the mining sector; opening environmental decision-making to the public by improving Access Rights (Right to inform, Participate and Justice); and convening multistakeholder meetings/dialogues to build principled consensus in mining issues. The paper will discuss how conflicts in both political and economic arena undermine the potential of mining in the country. It shall also provide concrete examples of work being done to further environmental democracy in the Philippines

Making a living in the shadow of a mine: Decentralization and power in Indonesian coal mining

By James Wellstead (University of Ottawa)

This paper investigates the livelihood impact of decentralized extractive resource

governance in coal mines in East Kalimantan, Indonesia. It uses an analytical lens of political ecology to examine the influence of various scales of actors operating within an evolving institutional and governance 'space'. Since the post-Soeharto fiscal and regional autonomy decentralization reforms enacted in 2001, substantial power and decision-making capacities in extractive resource development across Indonesia have been significantly devolved to the regional and local governments after decades of highly centralized control. Yet more recently, a 2009 federal mineral and coal mining law has strengthened district and regional governments' authority over operation licences while also illustrating the federal governments' desire to control the development of the nation's vast natural resources – via foreign investment restrictions and localizing the processing of resources. Reports of federal ceilings on coal exports have also been suggested. While coal continues to gain importance, becoming the largest energy source for electrifying the nation, it is not fully clear how power is structured within the dynamic governance 'complex' presiding over the operation of mines. Based on the results of research conducted in villages within East Kutai district in the winter and spring of 2010, the analysis will use livelihood practices in villages located around two open-pit mine sites as a proxy for identifying the relative power within the network of actors engaged in shaping the development outcomes in the operation of the coal mines. John McCarthy has recently described the timber extraction process in Kalimantan as operating in an environment of confusion for regulatory adherence, leading to highly specific local socio-legal configurations (McCarthy 2004). It is the intention to determine if a similar regulatory confusion exists around coal mining and what this confusion means for development impacts – specifically shifting livelihood opportunities – which are only beginning to become clear.