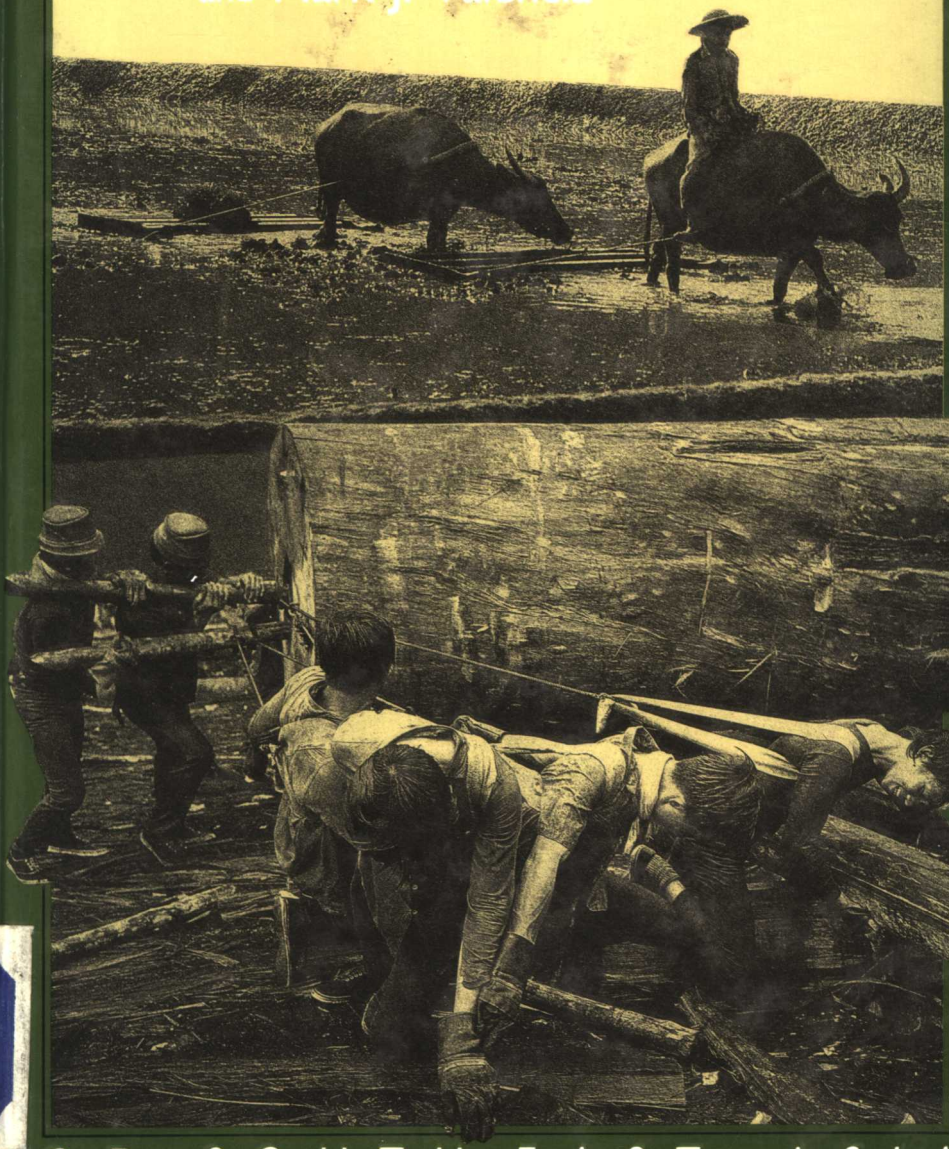
NATURAL RESOURCES

Conflict over Natural Resources in South-East Asia and the Pacific

Edited by Lim Teck Ghee
and Mark J. Valencia



OF SOUTH-EAST ASIA

Conflict over Natural Resources in South-East Asia and the Pacific

Edited by
Lim Teck Ghee
and
Mark J. Valencia

UNITED NATIONS UNIVERSITY PRESS
1990

Singapore
OXFORD UNIVERSITY PRESS
Oxford New York
1990

Oxford University Press

Oxford New York Toronto
Delhi Bombay Calcutta Madras Karachi
Petaling Jaya Singapore Hong Kong Tokyo
Nairobi Dar es Salaam Cape Town
Melbourne Auckland
and associated companies in
Berlin Ibadan

Oxford is a trade mark of Oxford University Press

Published in the United States by
Oxford University Press, Inc., New York

ISBN 0 19 588937 1

British Library Cataloguing in Publication Data

Conflict over natural resources in South-east Asia and the Pacific.– (Natural resources of South-east Asia.)
1. Asia. South-east Asia. Natural resources
I. Lim Teck Ghee, 1943– II. Valencia, Mark J. III. Series
333.70959
ISBN 0-19-588937-1

Library of Congress Cataloging-in-Publication Data

Conflict over natural resources in South-east Asia and the Pacific/ edited by Lim Teck Ghee and Mark J. Valencia.
p. cm.—(Natural resources of South-east Asia)
"Arose out of a conference organized and supported by the United Nations University (UNU) project on 'peace and global transformation' in 1985"—P. v.
Includes bibliographical references.
ISBN 0-19-588937-1 (U.S.):
1. Natural resources—Government policy—Asia. 2. Natural resources—Government policy—Pacific Area. 3. Asia—Economic conditions—1945– 4. International economic relations. 5. Natural resources—Law and legislation. I. Lim, Teck Ghee. II. Valencia, Mark J. III. United Nations University. IV. Series.
HC412.5.C66 1990
333.7'0959—dc20 *90–31481*
CIP

Printed in Malaysia by Peter Chong Printers Sdn. Bhd.
Published by United Nations University Press, The United Nations University, Toho Seimei Building, 2-15-1 Shibuya, Shibuya-ku, Tokyo 150, Japan, and Oxford University Press Pte. Ltd., Unit 221, Ubi Avenue 4, Singapore 1440

Natural Resources of South-East Asia
General Editor: OOI JIN BEE

Conflict over Natural Resources in South-East Asia and the Pacific

The United Nations University's Programme on Peace and Global Transformation was a major world-wide project whose purpose was to develop new insights about the interlinkages between questions of peace, conflict resolution, and the process of transformation. The research in this project, under six major themes, was co-ordinated by a 12-member core group in different regions of the world: East Asia, South-East Asia (including the Pacific), South Asia, the Arab region, Africa, Western Europe, Eastern Europe, North America, and Latin America. The themes covered were: Conflicts over Natural Resources; Security, Vulnerability and Violence; Human Rights and Cultural Survival in a Changing Pluralistic World; The Role of Science and Technology in Peace and Transformation; The Role of the State in Peace and Global Transformation; and Global Economic Crisis. The project also included a special project on Peace and Regional Security.

Notes on Contributors

James M. Anthony received his Ph.D. in Pacific History and Politics from the Australian National University. He has published widely on a range of policy issues related to Fiji and the Pacific. He is presently Director of the Pacific Research and Information Network located in Honolulu.

Yoko Kitazawa is a free-lance journalist specializing in Japanese–Asian affairs. She is a frequent contributor to major Japanese newspapers, including the *Asahi Shimbun*, and is on the editorial board of the journal *AMPO*.

Lim Teck Ghee is a Professor in the Institute of Advanced Studies, University of Malaya. He has written extensively on the socio-economic history and development of Malaysia and South-East Asia. His recent publications include *Agrarian Transformations: Local Processes and the State in Southeast Asia* (1989) and *Reflections on Development in Southeast Asia* (1988).

Eduardo C. Tadem is currently an Assistant Professor of Development Studies at the University of the Philippines, Manila. His most recent publications are 'Ethnic Self-Determination and Separatist Movements in Southeast Asia' (with Teresa S. Encarnacion) and 'The Aquino Government under Siege' (both 1989).

Mark J. Valencia is a Research Associate and Project Leader in Marine Resources and Development at the Resource Systems Institute, East–West Center, Honolulu. His interests and expertise centre on marine affairs and international relations in South-East Asia, East Asia, and the Pacific. His recent books include *Offshore North-East Asia* (1989), *Southeast Asian Seas: Oil under Troubled Waters* (1985), and *Marine Policy in Southeast Asia* (1985).

Contents

Tables

Figures

I
Introduction

Lim Teck Ghee and Mark J. Valencia

THE papers presented in this volume form part of the output of a larger programme of the United Nations University on 'Peace and Global Transformation'. That programme seeks to understand in a comprehensive way the underlying causes of conflict and tension as well as the diverse forms of struggle for peace. The director of the UNU's programme on 'Peace and Global Transformation' has argued that 'the control and use of natural resources lies at the heart of the deepening crisis in the world today', a crisis he describes as 'dividing the world into extremes of affluence and deprivation with concentration of poverty and scarcity and unemployment and deprivation in one vast sector of mankind and of overabundance and overproduction and overconsumption in another and much smaller section of the same species' (Kothari, 1979: 6). If this is so, it is important to understand how the two—natural resources and the contemporary crisis—are connected, and to arrive eventually at alternatives that can offer a way out of this crisis. The researchers engaged in the programme are trying to relate the issue of peace to the wide range of conflicts and various manifestations of violence at a number of different levels—local, national, and international.[1] Thus conflict over natural resources has been selected as the focus of the South-East Asian and Pacific component of the 'Peace and Global Transformation' programme.

There are several reasons why this topic is timely and important. First, while disputes over the control and use of natural resources have been linked to tension and violence in all parts of

1. A fuller description of the programme is obtainable from *UNU Focus*, United Nations University Information Services, No. 8, November 1985.

the world, the South-East Asian and Pacific regions are richly endowed with natural resources that are in demand in international trade and that have been the cause of many different types of conflict. It was the two regions' natural wealth that initially attracted the European powers during the period of colonial expansion and search for sources of raw materials in the eighteenth and nineteenth centuries. Just as industrialization changed the equilibrium between humankind and resources in the West, colonialism weakened indigenous cultures in South-East Asia and the Pacific, and introduced new approaches towards the environment and natural resources. The local cultures had fostered the development of life-styles that, in their essence, did not encourage competition for material gain or multiplication of possessions for their own sake, but stressed instead the aesthetic, cultural, and spiritual aspects of life. Wealth obtained was redistributed and the resources of the land were generally freely accessible to the people, whose needs were simple.

Industrialized societies, on the other hand, emphasized material needs, the maximization of production limited only by the ingenuity of science and technology, and the acquisition of material wealth for its own sake. They drew their social stratification from the unequal acquisition of material wealth. The transformation of natural resources into commodities for generating profits, and hence the control of access to natural resources, became a cornerstone of the capitalist economies that emerged in Europe. This system was transferred to states in Asia, the Pacific, and other parts of the world penetrated by colonialism. The result was a new round of conflict over the control and use of natural resources, quite different in scope and intensity from that which had existed prior to colonialism.

While competition over the sources of supply of spices, minerals, and other raw materials became the driving force of colonialism and imperialism at the regional and international levels, social classes and ethnic groups were pitted against each other for control of land, water, minerals, and other natural resources at the local level. The attainment of independence by countries in South-East Asia and the Pacific did not diminish in any substantial way the national and international conflict over natural resources. On the contrary, the burgeoning development programmes directed by the Westernized élites of the new states, and the increasing demands of the industrialized world, have imposed a new drain

on natural resources, resulting in a more complicated pattern of competition among diverse groups, both local and foreign.

In the foreseeable future, the trend in South-East Asia and the Pacific is towards increased conflict over natural resources, especially those that are becoming scarce. Resources engendering conflict at the international level include extractive resources that have strategic or military value, such as metals, minerals, and fuels. Some of the countries in the two regions are among the world's foremost producers of tin, bauxite, nickel, natural gas, and petroleum. These resources are already deeply embedded in regional and international political rivalry, and conflict over them appears likely to intensify. At the same time, these and resources that are non-strategic but are of economic importance in the world's markets—for example, the products of plantation agriculture such as rubber, coconut, and palm-oil—are increasingly the focus of disputes over access to markets and price rivalries that are contributing to further economic tension and rivalry between states.

At the local level, conflict over natural resources among competing groups of users, including tribal communities, peasants, fishermen, miners, loggers, and corporations, has not only continued unabated but threatens to worsen in the coming years. This conflict is an immediate result of the dramatic increase in population and the corresponding increase in use of natural resources, the polarization of rival claimants, and the failure of many governments and authorities in the region to mediate effectively. This pessimistic assessment of likely future conflict over natural resources and the fact that events associated with the exploitation of natural resources in the two regions move so quickly make more discussion and research on the subject imperative. Baseline data are required to assist efforts to understand and reduce these conflicts.

Another reason for focusing on the subject of conflict over natural resources is that, in many countries in the two regions, there is a growing sense of resource nationalism and concern for the terms of resource development that are negotiated between states. From the perspective of a growing number of South-East Asian and Pacific states, the South–North trade in resources and North–South trade in manufactured products has a colonial character that is disadvantageous to the South. Resources, especially extractive minerals, are being mined or produced in large capital-

intensive operations with little employment effects in the producing countries and shipped to the developed countries of the West and Japan for processing and manufacturing. If the resources are returned at all, they are in the form of expensive manufactured products, trapping the former colonies in a continuing exploitative relationship that can be broken only by drastic changes in the terms of resource development.

Meanwhile, a parallel environmental controversy is emerging over whether the two regions' economies should continue to be the suppliers of renewable and non-renewable resources to the developed countries. Many local environmentalists have criticized the environmental degradation and resource depletion of past development strategies and warn of an impending environmental crisis, should the natural wealth of their parts of the world be exposed to further indiscriminate exploitation. Apart from their impact on people and governments, the environmental consequences of the new phase of exploitation are likely to be severe, and could include widespread acid rain, depletion of stratospheric ozone, climatic deterioration due to increased atmospheric carbon dioxide, loss of tropical forests, pollution of estuaries and coastal waters, decreased supply of fresh water, species extinction, loss of valuable genetic resources, genetic defects from toxic chemicals, and spreading malnutrition and pestilence. The level of debate between the 'exploitation' and 'conservation' schools of national development as well as of that taking place between the proponents of an assertive rather than conciliatory resource nationalism can be improved by the documentation and analysis provided by this volume.

Peace is elusive and cannot be imposed or guaranteed militarily. The complexity of the subject of peace implies that fresh concepts and innovative methods are necessary to supplement the knowledge and insights provided by conventional research into conflict, i.e. through disarmament and military studies and international relations. This analysis of conflict through a focus on natural resources uncovers the linkages between resources and the role of the state in facilitating or preventing access to them, and the implications that the conflict over resources holds for human rights and cultural survival in the two regions. At the same time, the exploration of these and other more general linkages, such as the role of science and technology in the organization of resource extraction, distribution and utilization, and the impact of the

world economic crisis on resource use, is a step towards a more holistic and integrated analysis of the root causes of conflict.

The studies contained in the volume are the results of research carried out at three different levels—regional, national, and local. Chapter 2 in the volume focuses on land-based resources in the ASEAN countries of the Philippines, Indonesia, Thailand, and Malaysia. Eduardo Tadem's study identifies some of the major conflicts over forests, agriculture, and minerals that have taken place in the region and examines the consequences. A major assumption of the study is that the conflicts are not accidents brought about by simple greed or survival instincts, but rather are the logical conclusions of historical and economic developments set into motion by social forces. Among these forces are multinational corporations and state or bureaucratic corporations on the one side, and the victims of resource exploitation—tribal communities, peasants, and workers—on the other.

The second study, by Yoko Kitazawa on the Asahan aluminium project in Indonesia, provides an analysis of the strategies employed by Japan over the past twenty years to ensure its access to natural resources. She points out how, in response to criticism of Japan from Asian countries and the emerging international consensus in favour of a new economic order, Japanese enterprises launched an attempt to delineate a Japanese version of the new international division of labour. This strategy aimed at relocating some Japanese industrial sectors abroad, where utility rates and labour costs were low and where local sources of raw materials were plentiful. However, as she argues, the industrialization of the host has simply meant the creation of offshore production facilities for Japanese capital which neither the government nor the people in the country will ever own or control. Moreover, the host country is made to suffer the consequences of damage to the environment caused by pollution-intensive Japanese activities there. The study not only offers a prime example of the new Japanese role in the exploitation of natural resources in South-East Asia but also provides insights into the way in which élite political and economic interests in Japan and Indonesia converge to protect and enhance their own well-being at the expense of others.

The final three studies shift the reader's attention from land-based to marine-based resources. Marine resources, including fish, seabed minerals, and petroleum within the 200-nautical mile (nmi) exclusive economic zones (EEZs) of the Asian and Pacific coun-

tries, are a resource frontier with possibilities for improving the life of the masses. However, they have instead been and continue to be the focus of conflict, especially international conflict. This is the subject matter of two macro studies dealing with South-East Asia and the Pacific. Mark J. Valencia's study takes, as its reference point, the extended jurisdiction by coastal nations over the 200-nmi EEZs in the South-East Asian region which has left almost no marine area unclaimed and many areas where claims overlap. In this situation, the superimposition of national policies on trans-national resources has created possibilities for international competition and conflict as well as opportunities for co-operation and community betterment. The study focuses on competition for petroleum resources, fish, the environment, and ocean space itself in the form of sea lanes, from the viewpoint of the coastal states involved as well as that of the great powers—the United States and the Soviet Union—that have a long-standing interest in the military and economic development of the region.

There exists considerable documentation of the ways in which policy-makers in Asia and the Pacific are facing up to the politically sensitive and complex issues emanating from foreign exploitation of national natural resources, especially regarding the increasing sophistication of developing countries in negotiating the terms and conditions of oil and gas resource development. This, however, is often due not to any liberal government attitude or policy towards the release of information on national issues of importance but to a desire to mobilize local public opinion against foreign interests so as to enhance the local support base of ruling élites. Less easy to document because the political advantages of information release are considerably smaller, if not negative, is the manner in which policy-makers have tried to deal with claims to natural resources by competing local groups within the nation itself. Lim Teck Ghee's contribution adopts a historical approach to the study of the exploitation of fisheries resources in Peninsular Malaysia and the ensuing conflict between various interest groups, including small-scale fishermen whose economic livelihoods as well as ways of life are dependent on the well-being of their natural resource base. Placing the role of government and various government policies towards the fisheries sector under close scrutiny, Lim shows how a succession of misguided or narrowly opportunistic government policies over a period of thirty years have, in fact, created the conditions for the existing crisis in the