

RSOG Seminar

“Governance of Natural Resources: Problems and Prospects? ”

with

Dr. Hezri Adnan

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Speakers : Dr. Hezri Adnan

About The Seminar

The governance of natural resources is emerging as one of the defining challenges for development policy of our time. This is partly driven by the race to control scarce strategic resources such as energy, minerals, land and water globally. Be that as it may, debates on resource scarcity are hardly new. In the 1970s the discussion on ‘the limits to growth’ was built around the idea of physical scarcity of single natural resource such as oil and minerals. Resource availability then was mainly a local or national challenge. The current discussion on resource scarcity is inevitably broader. It includes market, governance and geopolitical concerns, while the question of physical scarcity remains. This presentation surveys the challenges of natural resources governance in Malaysia against the backdrop of the reorientation of geopolitical and technological concerns. It will pose some institutional questions with regards to the governance of Malaysia’s natural resources, focusing on the demand for functional and procedural reforms on the part of the public sector.

Summary

- The Re-emergence of resource issues

Several issues regarding resources have surfaced recently, such as "cooking" of tyres, setting up of mineral research centre, concerns on Tasik Chini etc. Several international

conferences and meetings were also held these past years to discuss interconnected resources issues (climate change, food, water and energy). Today, resources are high priority concerns in all levels of government, corporate boardrooms and local communities. This is because of the fears of the 3F crisis on resources prices and access are back. Nexus of resources has become a conceptual movement to confront scarcity.

- Drivers of the resource scramble

Oil production has very probably passed its maximum (in the peak age of oil). Other resources have also reached its peak, e.g. food production, topsoil, phosphorous, fish, water supplies, uranium and rare earths. Metabolism of resources grows with income. Material resources also has dramatically increased, especially in China. Moreover, green technology and ICT require rare elements that are not easily available.

Resource efficiency is developed as a sequence of steps towards systemic eco-innovation. Some examples include eco-industrial parks (industrial symbiosis) and component manufacture (consumption of rinsing water). There are 15 groups of opportunities representing 75% of the resource savings. Enhancing resource efficiency and reducing resource use may come with numerous benefits, such as increased sustainable growth, rise in employment, reduced national debt and environment benefits.

- Strategic resources in an inter-linked world

It is important to pay attention to the governance of resources because natural resource is one of the central 'new' strategic issues in a multipolar world. Supply security challenge is therefore a central policy challenge of our time in dealing with resources scarcity.

There are unsustainable pressures on these 3 strategic resources; water, energy, and food. In 2030, we will be facing water deficit concerns; how, then, are we producing food and energy for 2050? There is a need to recognize the consequences of one sector on another to achieve efficiency using systems thinking. Moreover, resource prices now are considered to be volatile.

A security question emerges; will countries be resilient to drivers of vulnerability? The resource Nexus explains the need for inter-linkages (as exemplified in Mekong in which Cambodia, China, Laos, Myanmar, Thailand and Vietnam aim to enhance sub-regional energy-economic cooperation for food and energy security), and the need to include minerals and land (beyond water, food and energy).

- Governance of strategic resources

There are four governance realms: markets, international geopolitics, national goals and environmental and human security. Polycentric and multi-level governance are underlying along supply chains. Social context for decision and power sharing for collective action on resources are based on structures, processes, rules and tradition of local, regional and global. Transparency is considered as an enabler of supply-chain governance. Examples of 'resource policy' instruments include USA's Critical Materials Strategy, China's Circular Economy and Australia's Resource Assessment Commission of 1989

- Should Malaysia care?

Material flow in Malaysia has increased since 1970. Production of selected minerals has also increased. To govern the natural resources, various departments, or green agencies, have been set up to implement green policies. However, there are still issues of effective implementation of green policies. Malaysia's only UNESCO biosphere reserve, Tasik Chini, is under threat from iron ore mining, and this situation has upset the local communities. Impacts on land, water, air and biodiversity stem from all stages of metals mining, processing and handling. Increased mining activities may lead to decline of social well-being, if left unchecked. Moreover, pricing of water resources, mineral resources, is also a big concern.

- Conclusions - Prospects for Malaysia

Although the markets are under stress, there are still opportunities abound. Unfortunately, on top of the institutional complexity, silo mentality and 'secrecy' still exists. This poses a problem in accessing and sharing of information on energy security. There is also a lack of minerals intelligence. Therefore, it is very important to push for a holistic approach for resource governance by:

tapping international supply chain, and playing to Malaysia's strengths
integrating resource policy concentration
developing foresight capability in assessing strategic resources.

Key Lessons Imparted

There is a need to push for a holistic approach for resource governance, where, international supply chain is tapped, integration is gained through resource policy concentration, and capability in assessing strategic resources.

About the Speaker

Dr. Hezri Adnan is currently Program Director for the Technology, Innovation, Environment and Sustainability division at ISIS Malaysia. He has extensive experience in research and policy advocacy on sustainability issues. His specialization is comparative public policy spanning areas such as green economy, natural resources governance and sustainable development strategy. He has also consulted for the Malaysian government and international organizations in areas related to his expertise. He has been awarded research fellowships by various institutions abroad, including the Australian Studies Fellowship by the Department of Foreign Affairs and Trade, Commonwealth of Australia, and the Asian Public Intellectuals Fellowship by The Nippon Foundation of Japan.

Contact

To get more information on this event, you can contact us via email at programmes@rsog.com.my