CASE 2

Bounties and Wages of Bauxite: The Case of Kuantan Mine, Malaysia

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Bauxite mining in Malaysia is controlled by the respective state governments. With newly discovered bauxite mining areas of high potential, it became a lucrative private sector business with robust activities from 2013 to 2015. While the Ministry of Water, Land and Natural Resources at the national level monitors these mining activities, with overwhelming demand from China, production remarkably increased at the government — allocated Federal Land and Development Authority (FELDA) settlements in Kuantan, Pahang since 2013 onwards. It was big business with significant economic gains and strong support from the State government that smelled revenue increases. However, Kuantan transformed into a dusty city, filled with red soil, polluted air and water. Within months, public residents' complaints heightened. Media coverage was enormous in 2017, challenging the Pahang State government's actions through public pressures, including complaints on illegal mining activities. Pollution issues also attracted the attention of researchers from

academic institutions and environmentalists. As a consequence, on 15 January 2017, the Malaysian government at national level announced an enforcement order to stop the bauxite mining activities in Kuantan. Exports came to a halt and bauxite stocks piled at the ports. However, the dampening of mining activities raised concerns from politicians and various quarters in favour of economic gains, on the basis that it improves the socio-economic status of FELDA settlers and low-income groups. Is there a way to balance the socio-economic gains with the health hazards faced by the community and the moral dilemmas as a social responsibility? Or will there be any moral consciousness at all in the business battlefield?

Bauxite Mining in Malaysia: A Background

Malaysia is gifted with over 33 different mineral types, comprising metallic, non-metallic and energy minerals, worth several billion dollars in economic potential. The types of metallic minerals currently being mined are tin, gold, bauxite, iron-ore, ilmenite, and other associated minerals as by-products of tin and gold mining such as zircon, monazite, rutile, struverite and silver. The non-metallic or industrial minerals produced include limestone, clays, kaolin, silica, sand and gravel, aggregates, feldspar, and mica. Coal is the only type of energy mineral being mined here. The value of non-metallic mineral produced in 2016 is estimated at RM5.05 billion, whilst the value of metallic and energy minerals produced is approximately RM1.07 billion and RM0.16 billion, respectively.

Bauxite is mined for the extraction and production of valuable aluminium metal, widely used among many others, in the manufacture of kitchen utensils, construction of aircraft, as well as in the chemical, steel and petroleum industries. This mineral is first converted to aluminium oxide and then extracted as aluminium through a smelting process. The lightweight and corrosion "free" features make aluminium desirable for use in the transportation and construction sectors. Since bauxite is the primary raw material for aluminium production, its demand has increased globally over the last few years.

Malaysia's total bauxite reserve is substantial. In 2017, total proven bauxite reserves in Malaysia were 110, 000 x 1,000 Mg but only 1000 x 1000 Mg had been mined (U.S. Geological Survey, Mineral Commodity