

THE POLITICAL ECONOMY OF SARAWAK'S TIMBER INDUSTRY  
AND ITS IMPACT  
ON THE INDIGENOUS PEOPLES

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## ABSTRACT

This study attempts to examine two central questions about the timber industry in Sarawak. Firstly, how have the political and economic forces influenced each other in determining the role of timber/logging in the state? Secondly, what has been the impact of this relationship on rural communities?

This study found that the timber industry in Sarawak is dominated by a handful of large companies. These few families, often related, hold majority equity share in these companies through a network of subsidiaries and interlocking directorship. The involvement of political party leaders in equity ownership and directorship suggests that the companies gain access to the state's timber wealth through political linkages.

The Sarawak State Government enjoys higher revenues compared to most State Government and timber revenues have represented the lion's share of its revenue. This revenue can be beneficially used for the development of the state, which is relatively less developed than many other Malaysian states. The poor design of the timber concession system, which leads to low rent capture by the State Government, is a forgone opportunity to improve Sarawak society.

Logging has provided increasing employment opportunities for growing workforce as well as for the foreign workers, particularly from Indonesia, Philippines and Sabah. logging brings cash incomes, with which household can purchase consumer goods on the market. Monetary wage rates and fringe benefits compare favourably with the wage rates in the state. Work is often irregular and is definitely dangerous. Logging accidents, resulting in injuries and death are frequent and much higher compared to the logging industry in developed countries, while existing insurance schemes under the law offer insufficient compensation. Only a small portion of the revenue from timber sales is channeled to workers in the form of wages. The depletion of forest resources of

the state implies job insecurity. Many workers leave their families to work in remote logging camps.

As logging threatened their livelihoods and encroached into their customary lands, the indigenous communities attempted to negotiate with the communities and appealed to the government. Failure to achieve satisfactory solutions prompted direct confrontations in the form of blockades as well as international and local campaigns. The state government and loggers colluded and used physical force to contain dissent. Except for the government's reply to appeal from Kampong Opar, Bau, all other letters received no response. Why do the government responses indicate? Firstly these indigenous communities do not threaten the power base of these elites. Secondly, the communities are numerically small minorities, indigenous seriously affected by logging activities and main reside in the Baram parliamentary constituency, which consists of two state constituencies, i.e. the Marudi state constituency and the Telang Usan state constituency. Indigenous blockades and campaigns to protect customary forests have been outlawed and legislation have been enacted to check protests. There has been no legal recourse.

## **ABBREVIATIONS**

ASEAN	Association of Southeast Asian Nations
BPP	Borneo Pulp and Paper Sendirian Berhad
DF	Director of Forests
DP	Detailed harvesting plan/topographis workmap
EIA	Environmental Impact Assessment
FAO	Food and Agricultural Organisation
FRU	Federal Reserve Unit, Malaysia
GDP	Gross Domestic Product
GP	General Harvesting Plan
GTZ	Deutsche Gesellschaft fur Technishe Zusammenarbeit
HMDP	Hill Mixed Dipterocarp Forest
IAL	Interior Area Land (a land category under the Land Classification Ordinance of Sarawak, 1948)
IDEAL	Institute for Development and Alternative Living, Sibu, Sarawak
INSAN	Institute of Social Analysis, Petaling Jaya, Malaysia
ISA	Internal Security Act
ITTO	International Tropical Timber Organisation
LCO	Land Classification Ordinance of Sarawak, 1948
NGOs	Non-Government Organisations
NCL	Native Customary Land
NCR	Native Customary Right
PBB	Parti Bumiputra Bersatu (the main ruling party in the Sarawak Ruling Coalition)

PEC	Permit to enter Coupe
PFE	Permanent Forest Estate
PNBS	Panglima Negara Bintang Sarawak (a title/decoration conferred by the Government of Sarawak, which carries the title of “Datuk”)
PNG	Papua New Guinea
PPF	Police Field Force, Malaysia
SAM	Sahabat Alam Malaysia, Penang, Malaysia
SFO	State Forest Officer
SNAP	Sarawak National Party (a component party of the Sarawak Ruling Coalition)
SOCISO	Social Security Organisation, Malaysia
STIDC	Sarawak Timber Industries Development Corporation
SUHAKAM	Human Rights Commission of Malaysia
SUPP	Sarawak United People’s Party (a componant party of the Sarawak Ruling Coalition)
UMNO	United Malaya National Organisation (the main ruling party in the Malaysian National Coalition, based in Peninsular Malaysia)
UN	United Nations
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organisation
USNO	United Sabah National Organisation
WWF	International World Wildlife Fund

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