

Politics and Business: The Policy on Tin Mining in Bangka

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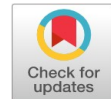
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Abstract: Many studies have been done on mining and its impacts, including in terms of political issues. However, this study provides new insights by focusing on conflicts between politics and business in tin mining in Bangka, Indonesia. This study aimed to assess political and business dynamics at local levels concerning the policy on tin mining management in Bangka Island. This qualitative research type used both primary and secondary data. It focused on the impact of implementing the policy on mining management, which opens opportunities for non-state actors to get access to tin mining, in which politics is also involved. The study implies that authority competition and conflict of interests in the tin mining management in Bangka Island deflected its original goal, which was said to increase the local people's welfare.

Keywords: Bangka island, Business, Policy on mining, Politics

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INTRODUCTION

Mineral mining activities are seen all over the world, in which the demand for minerals always increases in line with human needs. Mining activities which related to extracting of various minerals plays a prominent role in the global, regional, and local economic development (McMahon & Remy, 2001). Throughout the world, the demand for minerals always increases and is expected to increase due to the always-increasing human needs. Mineral exploration continues intensified despite the energy transition efforts to meet the targets of climate change adaptation and mitigation (Sumarsidi, 2018; Zachrisson & Lindahl, 2019). Moreover, minerals are essential for a wide range of modern life and modern technologies. The urgency of minerals is reflected, as noted by Sanchez, that twenty-one critical raw materials were assessed as being fundamental to the European economy (Sánchez et al., 2015). Since the demand for minerals continue for as long as the development occurs, discussion about mineral mining is always interesting and crucial.

In the mining literature, many discussions are concerning conflicts among stakeholders which have different interests and points of view, the weak position of the local people in the decision making process (Conde & Billon, 2017; Sumarsidi, 2018), and the negative environmental impacts of mining in terms of social, economic, and culture (Gatpandan & Ambat, 2017; Purnaweni, Kismartini, & Lestari, 2018). There is also a review on the technical side, such as the selection of mining methods using various decision-making process.

Among the discussed materials for mining is tin, which is an essential material for communication devices such as computers and gadget (Syahputra, 2018). Indonesia is one of the largest tin-producing countries in the world. It has a large tin deposit spreading over 800 kilometers, in which Bangka Belitung owns the most tin deposit in Indonesia (Purnaweni, Kismartini, Prabawani, & Roziqin, 2019).

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There have been many articles related to mining in Bangka and Belitung, such as the use of abandoned tin-mining areas for agricultural development (Asmarhansyah, Badayos, Sanchez, Cruz, & Florece, 2017). There are also articles related to politics such as local political dynamics of coastal and marine resource (Rosyida & Sasaoka, 2018), the dark portrait of tin mining (Ibrahim., Haryadi, & Wahyudin, 2018), and the collapse of the state in facing massive tin mining (Ibrahim, 2016). However, although also written with a focus on the political point of view, this research provides new insights by focusing on conflicts between politics and business in tin mining in Bangka. This research is relevant to stakeholders such as academicians and government institutions to plan and apply development approaches, primarily related to tin mining.

This study focused on political and economic (business) aspects. The business-politics relationship is not necessary in a direct manner. A particular political condition in a nation affects its business and activities. The business-politics relationship of the tin industry in Bangka Island involves national and local stakeholders. In the case of tin mining, its activities are affected by policies as the product of elite political decisions. This article focused on a brief history of mining in Bangka Island, policy on tin mining management, and conflict of interest among the stakeholders.

METHOD

This study used the descriptive-qualitative method by clearly describing the research object in terms of social and societal issues (Creswell & Clark, 2010), which was then presented in paragraphs. The study used both primary and secondary data. The primary data was taken from interview results with some officials of Bangka Belitung Provincial Office, covering those from the Bangka Belitung Provincial Planning Board, the Provincial Office of Environment, the Provincial Office of Marine and Fishery, as well as the Provincial Office of Mining and Energy.

Interviews were also done with some academicians from Bangka Belitung University consisting of those from Law as well as Social and Political Faculty, as those people are considered focusing more on social and political affairs, including those in Bangka Belitung Province. Furthermore, interviews were also done with local tin miners and fishermen using indepth. The researchers used interview guidance when doing the interviews at the end of October and November 2019.

Secondary data were collected from library study, previous studies, and other valid articles, which supported the research arguments. The study was also complemented by analyses of policy documents and media discourses, collected from the provincial offices and the internet.

RESULTS AND DISCUSSION

History of tin mining in Bangka island

Several geological surveys in 2015 indicate that tin ore supply in Indonesia is the largest in the world (nearly 800,000 tonnes). In 2014 alone, the mining production was equaled to 19.77% of the global production. However, China remains the largest tin ore suppliers, but most of them were used for domestic industries. Therefore, the global market relies on Indonesia to supply the tin-related production demand, such as tin bar, stained tin or soldering tin, and other processed products, such as tin plates and tin pipes.



Figure 1. Large granites are spread all over Bangka Belitung province

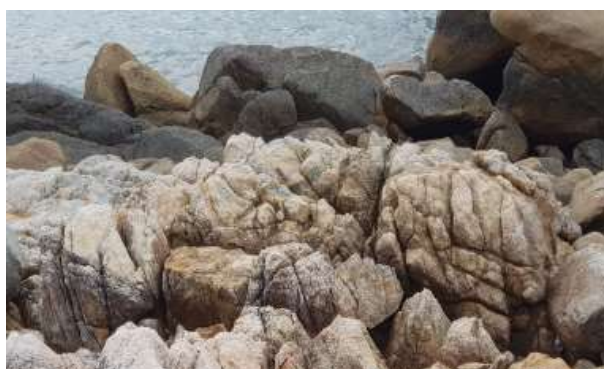


Figure 2. Example of granites from short distance

Another survey by British Geological Survey indicates that Indonesian tin production in 2013 and in 2014 amounted to 88.4 thousand tonnes and 70.2 thousand tonnes, respectively. In other words, nearly 90% of Indonesian tin production comes from Bangka Belitung province.

Bangka is the major tin producer in Bangka Belitung Province. Tin mining in this island began a long time ago (Ibrahim, 2016). The mining activities in Bangka Island is said to begin from Palembang Sultanate era under King (Sultan) Abdulrahman (1671). His successor, Sultan Muhammad Mansur continued to give priority to this endeavour, in which mining workers began to flourish, in particular from China. Whereas, the Vereenigde Oost-Indische Compagnie (VOC) initiated the monopolistic practice by signing a contract agreement with the Palembang Sultan in 1722. This agreement contained a regulation that all tin products from Bangka had to be sold to the VOC with a predetermined price, 12 Spanish real per picul (Sujitno, 2007a). Such a monopoly went on at the expense of the local people and even the sultan himself. Accordingly, local people became furious by smuggling and selling their tin production to other buyers than the VOC.

The smuggling practice continued to occur irresistibly because the sultan protected it. Local leaders across Bangka also condoned such illegal behaviour (according to the VOC). As imperialist regime shifted from the Dutch to the British, the mining condition became worse because the take-over agreement of Bangka Island from Palembang Sultanate did not only apply to the government in time but also to the successors. The sultan was also prohibited from appealing the island, along with its resources to the British colonial rule (Darwance, Nugroho, & Yokotani, 2017; Sujitno, 2007b). The situation did not change substantially even when the island was under the management of Banka Tin Winning when the Dutch regained its rule on the island (Erwiza, 2007). The change in rulers, from the Dutch to the British to the Japanese had a characteristic in common: exploitation of Bangka Natural Resource at the expense of its local people.

When Indonesia gained its independence, all aspects of the life of the nation are regulated under the Constitution, i.e., Undang-Undang Dasar 1945, including activities regarding the exploitation of natural resources. Several regulations applied during the independence era were automatically dismissed from the newly constructed constitution. Nevertheless, the colonialism effect has been an integral part for centuries, therefore, resulting in some colonial-sound regulations. From President Soekarno to Soeharto eras, tin mining activities were restricted to the state enterprise, PT Timah. Such monopoly caused breaches and frauds by individuals and local government officers in the form of smuggling. As political transition took place, the economic condition got worse. Nearly 90% of Bangka people were convicted in the tin smuggling (Darwance et al., 2017).

Tin mining monopoly in Bangka Island benefited a particular group of individuals. The common people found difficulties to get access to the tin mining “at their backyard”. According to the interviews with the academicians, the conflict of interest dealing tin mining involved many stakeholders. Erman (2010) also stated that many interests related to tin mining management in Bangka Island occurred among local elites, government officers, and even also military officers. Besides, the local people also had to compete with imported workers from China. However, the politicians and business community did not incline their policies towards the powerless ordinary people. Accordingly, for years, the mining activities in Bangka Island did not play a significant role in contributing to the islands local development.

Decentralisation of the policy on tin mining management

Previous studies indicate that policies on the mining industry in Indonesia were firmly related to colonization, which despises institutional control of the local mining sites (Erwiza, 2007; Robinson, 1986). During such colonisation, mineral sources were controlled by the state, politicized to be a national economic strategy (Ballard, 2001). The change in situation occurred at the demise of the New Order regime in 1998.

During the Reform Era, there was a significant change in many aspects of life in Indonesia. The centralized governmental system changed into the decentralized one, giving birth to newly autonomous local governments. Bangka Belitung was one of them. Under Law No. 27 of 2009 on the Establishment of Bangka Belitung Islands Province, these islands officially became a new province as of 21 November 2000. The change opened great opportunities for the local people to have more degrees of freedom in exploiting the mine.

In 1998 the Ministry of Industry and Commerce issued the Decree No. 558/MPP/Kep/12/1998 on General Requirements in Exports. Such decree did not mention tin as the commodity under the regulation (Darwance et al., 2017). It clearly states that tin is not among the states strategic commodities, causing the emergence of unconventional mining activities in Bangka Island. There were many unregistered, newly established unconventional mining sites. The miners used traditional mining equipment and ignored the need for environmental sustainability. They moved from one site to another. During the time, the Regent of Bangka issued Inter-local Trade License (Surat Izin Perdagangan Antar Daerah, SIPAD) under the Local Decree No. 20 of 2003 to prevent smuggling. In 2000, the central government issued Law No. 22/1999 on Local Government and Law No. 25/2000 on National Development Program, which regulates local government system and shared financial management between central and local levels. All local matters not under both laws become the local authority, including one of issuing local regulations (Indra, 2014). The government had since amended the regulation on Local Government twice, i.e. Law No. 32/2004 and Law No. 23/2014, albeit with similar substances, in which local levels have a great deal of authority to manage their autonomy as a representative for the central government to materialize people well-being at the grassroots.

According to Darwance et al. (2017), Bangka Regency Government has a privilege to issue policies on tin mining, as follows:

1. Decree of Bangka Regency No. 2/2001 on License to Tin Sand Export and Tin Mining by Local Miners.
2. Decree of Bangka Regency No. 6/2001 on General Mining and Its Mineral Contents Tax.
3. Decree of Bangka Regency No. 21/2001 on General Mining Implementation in Bangka.
4. Decree of Bangka Regency No. 20/2003 on Inter-local Trade License.
5. Decree of Bangka Belitung Islands Province No. 3/2004 on General Mining Business Management.
6. Decree of South Bangka Regency No. 26/2008 on General Mining Business Management.
7. Decree of East Belitung Regency No. 11/2011 on Mineral Mining Management.
8. Decree of West Bangka Regency No. 4/2012 on Mineral Mining Management.
9. Decree of Bangka Belitung Islands Province No. 2/2014 on Area Spatial Management Plan for Bangka Belitung Islands Province 2014-2034.
10. Decree of Belitung Regency No. 6/2014 on Mineral Mining Business Management.
11. Decree of Bangka Belitung Islands Province No. 7/2014 on Mineral Mining Management.
12. Bangka Regent Letter of Decision No. 540.K/271/Tamben/2001 on License to Mining Business for Processing and Sales.

All of these policies substantially give degrees of freedom to the local levels to manage themselves autonomously but to prioritize social, economic, and environmental responsibilities. They also open wide range of opportunities to the local people to exploit the tin mining. However, problems followed because illegal and unconventional miners became more apparent and freely active.

Unconventional tin mining is an activity performed by an individual (or a group of individuals)

external to PT Timah-PT Koba Tin partnership chain. The unconventional method means that the miners did not operate a machine with a larger capacity than 20 PK, a common term to indicate any tin dwelling machine inside or outside the mining site as required by Local Decree No. 6 of 2001 (Indra, 2014). The miners used various types of equipment and methods to exploit as many tins as possible with the best quality (Sujitno, 2007b). The lack of regulation from the central government has cost it a control towards the tin mining, and, in turn, strengthened the grip of both local authorities and local miners.

Conflict of interests

According to Spiegel, the past two decades have experienced many discourses in the mining industry. They are unusual in particular when related to governance reform, workers dynamics, and peoples rights. Spiegel added that in general, the mining activities in Indonesia are characterized by an overlapping administration structure, political confusion, ownership competition, and complicated, hidden interests. The mining industry tends to be a fruitful commodity for the elites to monopolize the economy (Spiegel, 2012).

Firm political control during the New Order era in Indonesia has upset local authorities and local people. It is the centralistic mechanism that the local politicians refer to as they develop regulations, that give more freedom in the mining activities. The authoritarian regime, for the sake of national interest, has left a nightmare to the local people, therefore, making them celebrate the freedom (Susilo & Maemunah, 2009).

Meanwhile, the local people in Bangka Island did not achieve an adequate quality of life. This situation had led to the opening of new mining sites, either legally or illegally. New private mining corporations have equalled the production rate of long-standing monopolising corporations (Erman, 2010). At that time, the miners principle was to collect the mining products quickly, a principle that caused environmental damages in Bangka Island.

As Indonesia shifts its government paradigm into decentralization era in the year 2000, the business-politics relationship continues to endure its stronghold. It seems that the ghost of the New Order regime lingers. Activities of politicians and the business community in sharing the nations resources at either central or local levels are still in practice. The centralistic-to-decentralization transition was marked by the emergence of rent-seeking practice among the politicians and the business community (Solihah, 2016), causing a decrease in local income, such as taxes, retribution, and royalty.

Even though the interest competition over the tin commodity in Bangka Island had been less complicated than ever before, the conflict of interests continued to occur between the involving actors. Potencies of conflict continuous to occur, not only between company and the government but also with the local people (Syahputra, 2018). While decentralized policies apply, confusion kept going on which side to have the privilege of managing the mining industry. Indonesia had witnessed mining activity management by international corporations, which prevented the local governments from exploring their resources.

Previous studies had also indicated that bribery practices during the decentralized era proved the local governments powerlessness in managing their mineral resources (Smith, Obidzinski, Subarudi, & Suramenggala, 2003). Mining exploitation activities were at the hands of a restricted group of individuals. Power and wealth are intertwined.

The decentralization policies also confused local and central authority in granting the mining license. Forbes (2007) indicates the effect of the interest at national, provincial, and local levels. Several local laws and regulations issued at the regency and provincial levels were in disharmony with the ones issued by the central government, causing an authority overlapping (Indra, 2014). The overlapping did not only deal with interest in local policies but also in national regulations, causing continuous revision and change.

CONCLUSION AND RECOMMENDATIONS

Tin commodity in Bangka Island had attracted many kinds of activities. Two entities that closely related in terms of interests are politics and business. Many national and local elites participated in the

mining business. The political and business conflict of interests did not occur as it was but had been rooted since the colonial era, the Old Order era, and then the New Order era.

The implication was a regulation game in the tin mining management in Bangka Island. In general, the mining industry in Indonesia has been characterized by such infamous practice because natural resources/mineral industries are highly profitable, albeit their negative impacts on the environment.

The study implies that authority competition and conflict of interests in the tin mining management in Bangka Island deflected its original goal. The shift of management from centralistic to decentralization method was originally meant to produce economic strength to the local people.

However, there was not any significant effect of the low-to-medium-level of society. The local well-being is so far only a utopia due to the monopolistic behavior of several groups of individuals. The tin mining management relinquished to the local people, and the private sectors tended to create a domino effect on the local people of Bangka Island.

Therefore, it is recommended that the sustainable welfare of the local people must be prioritized. They are the owner of the Bangka island and its potencies. Regulations must be focused on the local people, although business and politics are inseparable.

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