

Conflicts over Pahang royalty in bauxite business?

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Pahang crown prince Tengku Abdullah is a major shareholder in bauxite mining company Tanah Makmur Bhd. Could this compromise his role as a ruler in solving the myriad mining problems plaguing the state?

The red rage of public outcry over the bauxite fiasco in Pahang has mostly centred on environmental calamity, combined with the alleged ineptitude of state administration and enforcement agencies in tackling corruption and illegal mining.

Unfortunately, it also throws the spotlight yet again on another thorny and delicate subject – royalty and commerce. In this particular case, should the Pahang crown prince Tengku Abdullah ibni Sultan Ahmad Shah be in the bauxite business?

Tengku Abdullah [holds](#) a direct and indirect interest totalling approximately 36% in public-listed Tanah Makmur Bhd, according to a [regulatory filing](#) on Dec 11, 2015.

Although its core business is plantation, Tanah Makmur's bauxite-related business activities have grown significantly since April 2014.

Tanah Makmur's bauxite mining operations are mostly on land held by its property development division. For the financial year 2014 (FY14), Tanah Makmur posted RM386 million in revenue, of which RM86 million (or 22%) came from bauxite mining.

Local media reports that Malaysia is a major supplier of bauxite to China, sending more than 20 million tonnes in 2015 compared to just under a million tonne in 2014.

According to Tanah Makmur's 2014 annual report, it has an estimated 1.4 million tonnes of bauxite deposits on its land. Since April 2014 it has exported 684,389 metric tonnes of washed bauxite up to Dec 31, 2014, which is approximately 60%-70% of Malaysia's exports that year. In 2015, it was reported that Malaysia's bauxite export to China jumped exponentially to 20 million tonnes. It is not known what Tanah Makmur's bauxite export volume is for 2015.

These are all matters of public record. Thus, it is clear that Tanah Makmur is a major player in the country's bauxite industry, and by association so is Tengku Abdullah.

There has not been even a hint of impropriety on the crown prince's part in the ongoing fiasco in Pahang. He has strongly supported the government's three-month moratorium on bauxite mining in the state to solve the ongoing issues.

Tengku Abdullah has also urged the government to find a holistic solution to ensure that all mining activities in Pahang are safe, sustainable and for existing procedures to be streamlined.

However, other than fundamental problems of law and enforcement, there is also the underlying issue of the intersecting role of monarchy in the constitution, the demands of commerce and conflicts of interest.

As a ruler and heir to the throne of the third largest state in Malaysia, Tengku Abdullah is accorded the utmost respect and deference by his subjects. He also receives special privileges as well as remuneration borne out of his stature as a state ruler.

By getting involved in business directly or indirectly, and one that is now mired in controversy such as bauxite mining, the crown prince runs the risk of unwittingly bringing the palace into conflict.

Tengku Abdullah the businessman is beholden to his company's shareholders and stakeholders. Tengku Abdullah the ruler is responsible for Pahang's citizenry of about 1.5 million. When these two spheres collide, a recipe for potential disaster brews.

Let's take the current bauxite imbroglio as a prime example.

The bauxite-related environmental pollution engulfing parts of Pahang now is said to be causing serious health problems to the locals. Some are already talking about possible compensation by the state. Experts say that it may take years for some bauxite-related diseases and ailments to fully emerge. It is not inconceivable that these victims, now or in the future, may take legal action against the perpetrators of bauxite pollution.

Let's argue then, hypothetically, that if Tanah Makmur is somehow involved in any future bauxite-related lawsuits, would it not possibly drag Tengku Abdullah into the legal conundrum too, jeopardising the palace's reputation and prestige?

Other broader questions may also arise.

Would the crown prince, amid a possible lawsuit, be able to resume ceremonial duties without any conflicts of interest? Would the taxpayers have to pay for the monarch if they are legally challenged in any business disputes? Would there be a level playing field in any legal claims against companies associated with royalty?

The prickly matter of royalty in business is not new in Malaysia. It is an important issue that is often talked about surreptitiously but seldom in public discourse, due to the sensitive nature of the subject.

Former prime minister Dr Mahathir Mohamad, who has been a staunch critic of monarchy in the past, is vehemently against royalty even dabbling in business.

“The rulers are paid handsome pensions and may not be involved in business. Officers tend to defer to the wishes of rulers and would find difficulty in rejecting business propositions by them.

“There was also the belief that unscrupulous businessmen would make use of the Sultans to get an advantage over others and to bypass rules and policies,” said Mahathir in his blog a couple of years ago.

The involvement of top royalty (not just Tengku Abdullah) in business in modern Malaysia clearly needs to be re-contextualised.

Sultans and their families are already provided with ample remuneration by the state and federal governments to live comfortably, and represent the state as well as the nation, so much so that it precludes the need for them to earn a living through business.

If the monarchs strongly feel that they should be allowed to commingle royal duties with commercial ventures, the law needs to clearly redefine and refigure their roles to adapt to modern realities.

For example, should the monarchy relinquish their royal privileges or stipends once they are directly or indirectly involved in public-listed companies or business organisations?

As Pahang’s current bauxite fiasco sadly shows, the exigencies of business often trump public priorities such as health and environmental wellbeing.

Malaysia's constitutional monarchy, much loved and cherished by its people, should stay above any such commercial entanglements.

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