



# “Love for sale”: Biodiversity banking and the struggle to commodify nature in Sabah, Malaysia <sup>☆</sup>



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## ABSTRACT

In Malaysia, second largest palm oil producer worldwide, logging companies, palm oil corporations, and even responsible citizens can now compensate their biodiversity impacts by purchasing Biodiversity Conservation Certificates in an emerging new biodiversity market: the Malua BioBank. Biodiversity markets are part of a wider trend of marketisation and neoliberalisation of biodiversity governance; introduced and promoted as (technical) win–win solutions to counter biodiversity loss and enable sustainable development. The existing neoliberalisation and nature literature has tended to analyse these processes as consequences of an inherent drive of capital to expand accumulation and submit ever more areas of nature to the neoliberal market logic.

In contrast, I aim (a) to problematise the agency and the “work” behind marketisation of biodiversity, challenging the story of (corporate-driven) neoliberalisation as the realisation of an inherent market-logic (based on the a false conceptual state–market divide, often prevalent even in activist academic circles working on neoliberalisation of nature) and to see the state not only as regulator, but driving force behind, and part of “the market”; (b) to question the myth of neoliberalisation as state losing control to the market and to show how the state is using the biodiversity market as mode of governing; re-gaining control over its forests and its conservation policy; and (c) to demonstrate empirically the distinction between neoliberal ideology and practice, and to show that marketisation was based on pragmatic decisions, not ideology-driven political action. My analysis is based on 35 qualitative interviews with actors involved in the BioBank.

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## 1. Introduction

In Malaysia, second largest palm oil producer worldwide, logging companies, palm oil corporations, and even responsible citizens can now compensate their biodiversity impacts by purchasing Biodiversity Conservation Certificates (BCCs) in an emerging new biodiversity market: the Malua Wildlife Conservation Bank (Malua BioBank). For US\$10 per 100 m<sup>2</sup>, producers, but also multinational oil and gas corporations, can help protect the last remaining orang-utans in Borneo – while addressing supply chain impacts, integrating conservation strategies, identifying branding opportunities and developing new sourcing strategies (Malua BioBank, 2010). Individual consumers may offset their personal biodiversity impacts with a mouse click; a piece of forest

the size of “a large garage” can be saved for US\$5 at [www.protect-malua.org](http://www.protect-malua.org). While the BioBank was established to save one of the last remaining orang-utan habitats and rehabilitate degraded forest, it also constitutes a for-profit business model through which investment into nature is supposed to yield “competitive returns” to investors (Sunjoto et al., n.d.: 7).

Biodiversity markets have proliferated across the globe, rising from two to 45 existing schemes, with another 27 under development (Madsen et al., 2011). The European Commission is currently exploring the setup of the first transnational banking scheme. These schemes are based on the idea of assigning a monetary value to biodiversity habitat provision, resulting in its commodification, sale, and sometimes trading in the form of habitat credits or certificates. With these credits for “conservation actions intended to compensate for the residual, unavoidable harm to biodiversity caused by development projects, so as to ensure no net loss of biodiversity” (Ten Kate et al., 2004), destructive biodiversity impacts can be compensated through the conservation or rehabilitation of habitat elsewhere. Habitat banking or biodiversity markets involve

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“turning offsets into assets that can be traded, creating a market system for developers” (Eftec and IEEP, 2010: 2).

Important progress in understanding and theorising neoliberalism and nature has been made in the critical neoliberal conservation literature (Sullivan, 2006; Igoe, 2010; Büscher, 2010a; Brockington and Duffy, 2010; Brockington et al., 2008; Holmes, 2012; Liverman, 2004; Milne and Adams, 2012; McElwee, 2012; Pokorny et al., 2010; for a good overview see Büscher et al., 2012). This growing body of work yields important insights, but, I argue, may focus too much on structural forces behind, and constraints of marketisation and neoliberalisation, analysing them as corporate-driven processes and subsumed under some inherent market-logic (e.g. Smith, 2007), based on a problematic conceptual separation of markets and states. Explanations not only tend to underplay the crucial role of the state in market construction, but also fail to analyse it beyond its role as facilitating and regulating the market. Instead, as Malua illustrates, biodiversity markets constitute instruments *through* which the state governs its natural resources, its population and corporations. In the more structural accounts, marketisation can end up being *explained away* simply by reference to the fundamental ideas and ideologies of neoliberalism, and although Castree (2008) and others recognise that such thing as a “generic ‘neoliberalism’” doesn’t exist, and neoliberal ideology is not synonymous with neoliberal practice, I suggest they don’t go far enough in analysing these as fundamentally different, and recognising their sometimes quite contradictory nature.

Recognising this divide between the neoliberal ideology – the necessity “to subordinate social and political affairs to capitalist market dynamics” (Büscher, 2011: 92) – and “actually existing neoliberalisms” (Brenner and Theodore, 2002) – requires a radically agency-focused analysis (Knafo, 2010) of instances where market instruments are used, by whom, and how they are legitimised. To move beyond explanations based on an expansionary market-logic, situating it as (yet) another form of neoliberalisation, I need to focus on the marketisation process itself, and the agency behind it. It requires a methodological commitment to prioritise the agents and institutions on the ground (Knafo, 2010), an analysis of the productive power of the structures which constrain, but importantly also facilitate agency of the powerful; situating the BioBank in the dominant (transnational and local) discourses, based on a historicisation in the political–economic power structures; Sabah’s history of state cronyism, logging and palm oil. If we don’t accept “neoliberalism’s core claim that markets are naturally and spontaneously occurring phenomena [but that] how markets actually work is a product of social and political relationships” (Edwards et al., 2012: 3), then we need to go further and challenge the conceptual state–market divide (still) so prevalent in IPE.

The aims of the paper are therefore threefold; (a) to problematise the agency and the “work” behind marketisation of biodiversity, challenging the story of (corporate-driven) neoliberalisation as the realisation of an inherent market-logic (based on the a false conceptual state–market divide, often prevalent even in activist academic circles working on neoliberalisation of nature) and to see the state not only as regulator, but driving force behind, and part of “the market”; (b) to question the myth of neoliberalisation as state losing control to “the market” and to show how the state is using the biodiversity market as mode of governing (cf. Konings, 2010); re-gaining control over its forests and its conservation policy and local population; and (c) to demonstrate empirically the distinction between neoliberal ideology and practice, and to show that in Sabah, marketisation was based on pragmatic decisions much more than ideology-driven political action – while the neoliberal discourse has partly penetrated local realities, it has been resisted, modified, and most importantly instrumentalised for particular goals.

Understanding this agency is indispensable to challenge and resist processes of marketisation and neoliberalisation of nature

and to identify possibilities of change – because provoking change is the whole point of critical scholarship (cf. Cox, 1986). Demonstrating the contradictory nature of neoliberalism, its failures and the ideology–practice divide, avoids reifying neoliberalism as a hegemonic project and therewith exaggerating its power (Larner, 2003). Biodiversity markets are not only good case studies due to their political relevance today, but also due to their theoretical contradictions and practical problems, which arguably point to the limits to neoliberalisation of nature. The Malua BioBank is a particularly interesting example due to its international nature. While established and operated with involvement of local and international actors, the transnational political–economic structures in which it is situated are even more important: the certificates were intended to compensate<sup>2</sup> for the devastating biodiversity effects of (export) palm oil agriculture. Yet, marketisation has not been as successful as expected.

After this lengthy introduction, I first briefly discuss my theoretical approach and the methodological agency approach, before introducing biodiversity offsetting. After presenting the Malua BioBank as my case study, I analyse, firstly, the mobilisation of the dominant discourses for the discursive legitimisation of the BioBank and, secondly, the instrumentalisation of the historically specific material and institutional context which facilitated its setup; the political economies of timber and palm oil, and the legal framework in Sabah, Malaysia. Subsequently, I examine how actors operate in this historical context, and lastly, relate the analysis back to the wider theoretical debates before concluding.

## 2. Neoliberalism, neoliberalisation, nature and the state

Critical analyses, theorisations and empirical research on biodiversity markets are still in their infancy. Sullivan (2012, 2013a, 2013b) analyses biodiversity offsetting in the UK and Namibia, the accounting framework used to calculate biodiversity values, and the underlying “(anti-)ecological” assumptions (2013a). Robertson researches wetland mitigation banking in the US as a neoliberal strategy of stabilising capitalist relations of power and accumulation (2004); criticising simplistic notions of economic rationality (2009). Much of the critical neoliberalisation and nature literature analyses commodification and marketisation of nature as consequence of an inherent logic of capital to expand accumulation, a deepening of “primitive accumulation” compelled by capital’s need for a “spatial fix” (Harvey, 2001). Mostly located in the critical geography literature, work by, i.e., Mansfield (2004), McAfee (2003), Bakker (2004, 2005), Perkins (2011), or Prudham (2004) draws on Marx, Gramsci and/or Polanyi, as well as a number of eco-Marxists inspired by their work. In his excellent review, Castree (2008) explores their analyses and synthesises their main reasons why nature is being neoliberalised across the world. He concludes that neoliberalisation is explained by (fractions of) capital pushing either (a) to overcome the economy–environment contradictions by “bringing it more fully within the universe of capital accumulation”; (b) for submission of the non-human world to become “a means to the end of capital accumulation – period”, (c) as a “‘degrading nature to profit’ strategy”, or, lastly, (d) as a means of the *state* to overcome the inherent contradictions of capitalism (2008: 146–148).

<sup>2</sup> It is important to point out that with purchase of BCCs, buyers agree that they “do not represent an offset against clearing or degradation of [additional] other forests” (Grippe, 2008). However, it became clear in the interviews that the purchases are understood to represent compensation for previous damage, and that companies’ motivations are to secure regulatory goodwill and a good relationship to the government to be awarded more (logging) concessions in the future. There is no reason to assume that companies will not continue logging and conversion in the future.

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