



### Certificate of Participation

23 July 2017  
Chiang Mai, Thailand

This is to certify that **I Ketut Ardhana** (Udayana University, Indonesia) has participated in the *Tenth International Convention of Asia Scholars*. ICAS 10 was held at the Chiang Mai International Exhibition and Convention Centre (CMECC) in Chiang Mai, Thailand from 20-23 July 2017.

**I Ketut Ardhana** presented the following paper at ICAS 10: *Is transformation from Cross Border to International trade possible? Case study from the Border Areas between Nunukan Regency of North Kalimantan and Tawau-Sabah*


The paper was presented in the panel: *Economic, Political, Social and Cultural Dynamics of Borderlands in Southeast Asia*

ICAS 10 was organised by the Regional Center for Social Change and Sustainable Development (RSCD), Chiang Mai University (CMU) and the International Institute for Asian Studies.

A handwritten signature in black ink, appearing to read "Martina van den Haak".

Martina van den Haak  
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**BORDER AREAS BETWEEN  
NUNUKAN REGENCY OF NORTH KALIMANTAN  
AND TAWAU-SABAH**

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## I. INTRODUCTION

The Fall of New Order in 1998

The Transformation from Old to New Regime

Disintegration in Russia

Reintegration of East and West Germany *Wiedervereinigung von Deutschland politik*

Economic Crisis in Thailand

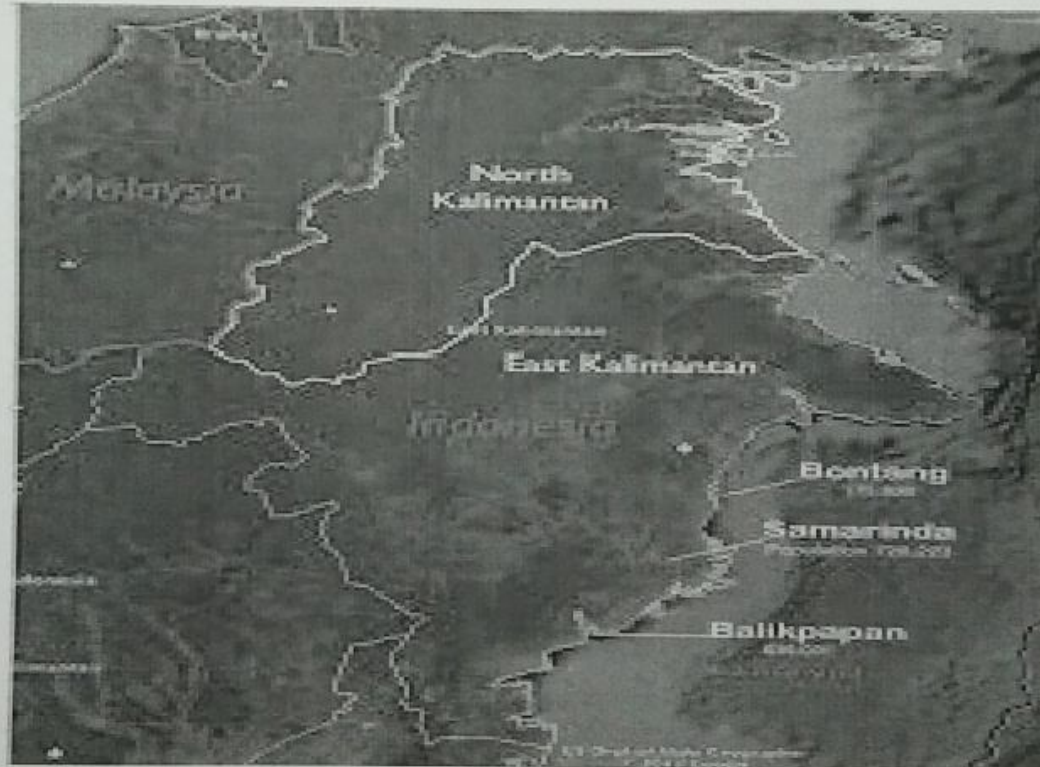
The Era of Transformation: Anti Corruption and Transparency and Accountability

Nunukan: an important place for the local people who trading with the neighboring people, beside Sebatik.

Sebatik itself has been administratively classified into two parts the Indonesia Sebatik and the Malaysian Sebatik. (Pancang Sebatik)

Nunukan itself is bigger places than the Indonesian Sebatik itself. However, both of these places Nunukan and the Indonesian Sebatik have traded with Tawau and the Malaysian Sebatik for a long ago in the past of their histories.

# Kalimantan





# Sebatik Island



BORDER AREAS BETWEEN  
NUNUKAN REGENCY OF NORTH KALIMANTAN  
AND TAWAU-SABAH



Source: <https://www.google.co.th/search?q=sebatik+and+tawau>

## II. FROM PREHISTORIC TO MODERN TIMES

The Spread of Austronesian and Melanesian, 60.000 yars ago and the Prehistoric Times

Nik Hassan Shuhaimi Nik Abdul Rahman in the article title, *The Archeology of Later Prehistoric Ports and Pre-Melakan Entrepots and Evidence of Inter-Regional Trade in Malaysia*” 2016”:

*“Based on archeological evidence from related sites, Santubong might have played a part in the international trade network of West Asia, Southeast Asia, and China. The Buddhist and Hindu relics found in Santubong indicate that this region of Borneo, known as Tanjung Pura, was in contact with India or other “Indianized” states of Southeast Asia. It is quiet likely that the Southwestern region of Borneo was a part of the 7<sup>th</sup> -13<sup>th</sup> century Srivijayan kingdom of South Sumatra, as well as the succeeding 14<sup>th</sup> -15<sup>th</sup> century Majapahit empire, based on excavations at the Bongkisam site, Sungai Jaong, and Bukit Maras on the slope of Gunung Santubong, which overlooks Bongkisam. (See: Nik Hassan Shuhaimi Nik Abdul Rahman, 2016: 79)*



The Local Wisdom

The Concept of Traditional Kingdom:

*Kuta Negara, Negara Agung and Mancanegara*

The Mountain and the Sea

Between Centre and Pheriperies

The Kutai in East Kalimantan in the 4<sup>th</sup> century, Tarumanegara in the 5<sup>th</sup> century, later developed Srivijaya in the 7<sup>th</sup> century, continued by the Majapahit in the 14<sup>th</sup> century and later continued by the Islamic sultanates that reigned in the coastal areas of the Indonesian archipelago starting from 12<sup>th</sup> to 19<sup>th</sup> centuries

The Colonial Influences, the Malacca in Southeast Asia



### III. THE COLONIAL ERA

- The roots of economic and political mind sets still continued Problem for East and West Indonesia
- Though western colonial countries had been in Eastern Indonesia due to the Spice Islands such as the Portuguese in the Moluccas and Timor, but not longer they leaved the regions due to the limited natural sources
- The Dutch also not paid many attentions to these regions, and instead of that they focused their administrative rules only in the western parts of Indonesia regions
- Despite of that, how we can change the paradigm from the western development to eastern development that is from the economic centered in Malacca to be an economic centered in Asia Pacific regions
- That was a great challenge since there is a strong need to implement the strong policy and leadership in the nowadays Indonesia development

## **Nik Hassan Shuhaimi Nik Abdul Rahman (2016: 79)**

*“Prior to the evolution of the Melakan entrepots and feederports, there were already ports which can be classified as collecting centres. These were found on both the east and west coasts of Malay Peninsula at Klang, near the mouth of the Klang River, Kampung Sungai Lang, at Morib in the coastal area of Kuala Langat; Batu Buruk; and Besut in Trengganu; and on the east coast of Sabah at Sampoerna. These are considered centres by virtue of being located in areas rich in alluvial tin in the cases of Klang and Morib, in alluvial gold in the case of Trengganu, and in forest products in the case of Sampoerna. These centres functioned as outlets for special products in demand in prehistoric inter-regional trade. Presumably, traders visited these ports looking for minerals for making bronze bells and drums. Another types of collecting centres appeared in the 9<sup>th</sup> century on Pulau Tioman at Teluk Nipah and Kampung Juara. This type of port was visited by traders who were looking for fresh water, food, and shelter. Pulau Tioman did not possess mineral resources, but was considered a convenient port on the Asian maritime trade route for revictualling purposes. (See: Nik Hassan Shuhaimi Nik Abdul Rahman, 2016: ibid).*

## **IV. UNDER DEVELOPED OF BORDER AREAS IN KALIMANTAN**

Border area between Indonesia – Malaysia in East Kalimantan are still underdeveloped:

- Geographical isolation and lack of good infrastructure
- Relatively high number of poor
- Low level of health and education
- Worsened by inadequate information from the government to the people so that they receive more
- The low level of socio-economic welfare of the community
- Dependent with Malaysia: information from the neighboring country



## Nunukan and Tawau

Geographically: Nunukan and Tawau are two of strategic places in Kalimantan

Nunukan a part of Indonesia and Tawau ( a part of Malaysia)

The Portuguese: The Spice Islands, 17<sup>th</sup> to 18<sup>th</sup> Century

The Dutch, 1597 Batavia

The Inner and Outer Indonesia

The Indonesian State, August 17, 1945

Malaysia vs Indonesia 1960s

No Fixed border and Conflict

The peripheral regions were not well manage

However, those regions had already their-own culture and tradition that lasting for centuries. This relationship terms known as “cross border trade”, in which there are not fixed rule.



## VI. The Origin of the Traditional Cross Border Trade

The cross border trade could be rooted since the prehistoric times

The prehistoric refers to the early times of the migration of the people in the region as far as to the eastern parts of the Indonesian archipelago

No clear evidences about the trade relationship in the prehistoric times

The Austronesian and the Melanesian people already migrated to the regions, in which it is believed that the Austronesian people migrated mostly in the western parts and the Melanesian people in the eastern parts of the Indonesian archipelago.

The Malays: the Javanese, the Balinese, the Madurese, the Dayaks, the Timorese.

Amongst them it is only the Malays that are well-known in the long process of migration process in the Indonesian archipelago, called Nusantara (*Nusa* means islands and *antara* means in between)

The concept of the “Malay world”

The Malays originated from West Sumatra in which they know well about the concept of *Merantau*

*Merantau*: migrated to outside of Sumatra Island to overseas like to the mainland Malaysia and also to the Sarawak and Sabah in East Malaysia.

The strong differentiation between the trade relationship in Malacca Street namely between Indonesia and Singapore in Southeast Asia region, in compared to the traditional cross border trade between Indonesia and Malaysia in the Pacific region.

## VII. THE DYNAMIC INVOLVEMENT OF PEOPLE IN THE CONTEXT OF INTERNATIONAL TRADE

Though the Globalisation, but in fact the traditional cross border trade locally still lasted in the rest of the world. The legal trade has not much influenced the local activities of the traditional cross border trade particularly in the region of Nunukan and Tawau.

Pongtuluran (2013: 544): according to the *Kaltim Post*, June 5<sup>th</sup> 2012: 33, the boundaries between Indonesia and Malaysia are clear, caused by damage markers in the border area.


When the Equator Expedition Team which is formed by Indonesian National Army (TNI) who reported that after surveying 409 km out of 1,038 km Indonesia-Malaysia border line.

There are 167 missing stones along the line, whilst 16 stones has been shifted to Malaysian border area. Despite of that, the missing stones could be restored using coordinates points as guidance.

Nunukan is a place for trading, which is commonly for local people like the Buginese, the Dayak from the Indonesian side and the Malays, the Chinese in the Malaysian side.

Both of these ethnic-groups perceive the same feelings, in which the central government both in Jakarta and in Kuala Lumpur has ignored their existence, what we called as the traditional border trade.

They meet together in the traditional cross border trade between Nunukan and Tawau.



Northeast Regions (District Sebatik, Nunukan) has a very abundant natural resources

Limited access of roads are causing many natural resources cannot be utilized local communities and investors

It is necessary to establish the border area as the center of growth that can serve as a producer of commodities trading, as well as the center of economic transactions for the surrounding area

The natural products have been transported by small ships from the Indonesia regions to both namely to Tawau and the Sebatik island. The natural products that have been traded to the regions like the palm oil, papaya, vegetables, nuts that have been transported to Malaysian borders.

Several of them have been traded illegally

The local people make use many opportunities to trade with them in the traditional cross border trade

The opposite side: from the Malaysian border, the local traders have transported many gas, daily needs such as soaps, tooth paste, cloths, noodles etc

The trade activities are rarely controlled by polices from both sides



## VIII. CONCLUSION

•Nunukan, as a regency in the border area between Indonesia – Malaysia has played significant role in the development of border trade due to its strategic location facing Tawau of Sabah Malaysia. Traditional crossborder trade has been performed for a long time, prior to the clear demarcation line of two different countries. In the context of rapid globalisation, being a border point, Nunukan has been developing from a rather informal to formal border point and this has gone side by side with more modern economic development, including initiating international trade. It needs to ensure the smooth flow of goods and reduce transaction costs/high cost in the border region, to increase the number of security check points need to be increased and also to establish the border area as the center of growth in the Asia and Pacific region.