



### **Nusantara: Boon or bane for Malaysia?**

On Jan 19, Malaysian authorities pulled up the bodies of six Indonesian women who had drowned after their boat capsized off Johor. They were part of a group of 13 who were reported to have been on the way to Malaysia from Batam Island in Indonesia.

On Dec 15 last year, 21 Indonesians died, 16 went missing and 13 were rescued after the boat they were in capsized, also off Johor.

The above tragedies are but the latest in a long list of illegal migrants drowning while trying to enter Malaysia illegally in search of a livelihood or on their way home after illegally entering the country.

Nobody really knows how many Indonesians there are in Malaysia – both with and without legal documents – although estimates put the figure between 2 million and 5 million. According to Migrant CARE, an NGO based in Jakarta, there are more than 2.5 million Indonesians in Malaysia.

One consequence of the decision of the Indonesian government to shift its administrative capital from Jakarta to East Kalimantan will be a reduction in the number of Indonesians illegally entering Malaysia, especially on the island of Borneo.

This is because the US\$33 billion project to build a new capital – called Nusantara – in East Kalimantan over a period of about 20 years will result in more jobs being made available to Indonesians. Instead of risking life and limb entering Malaysia illegally, they can seek jobs and business opportunities legally in East Kalimantan.

But this could turn out to be a double-edged sword as even the flow of Indonesian workers entering Malaysia legally is likely to drop when construction work on Nusantara begins. This will greatly impact oil palm plantations, factories and the construction industry, especially in Peninsular Malaysia, which are even now complaining of a lack of workers. It will have a damaging carry-on effect.

For instance, a shortage of workers in the palm oil industry will lower production, which in turn will lower exports, which in turn will lower the gross domestic product.

Malaysia is the second largest producer of palm oil in the world. According to the **department of statistics**, Malaysia exported palm oil worth RM52.3 billion in 2020, which amounted to 73% of the country's agriculture exports.

Palm oil production in 2021 was the smallest since 2016 due to a freeze on the intake of foreign labour as part of the Covid-19 pandemic control measures. Even now, there is a huge shortage of fruit-pickers and harvesters.

Employers in labour-intensive industries, as well as government planners, will have to consider this possibility in drawing up their plans for the future. They may have no choice but to turn to technology to

reduce dependency on human labour or offer better pay packages to attract Malaysian workers or look elsewhere for foreign workers.

It is possible too that the number of Indonesian women willing to be maids in Malaysia will drop, causing much headache to many urban families where both parents go to work.

Also, better opportunities will always attract people who are more adventurous or ambitious or who feel the Malaysian work environment is inimical to their progress. It is therefore possible that Malaysia may lose some talents to Nusantara, especially if the new capital delivers on its promise of being a high-tech, green city.

Also, Nusantara will almost certainly become a magnet for investment in the next few years, which means Putrajaya will have to try even harder to attract investors or watch funds flow to Indonesia.

With Indonesia's capital moving to Kalimantan, it is natural to assume that security along the borders between Indonesia and Sabah and Sarawak will be tightened. This could reduce trans-border crime. The expected increase in naval patrols by both Malaysia and Indonesia in Borneo waters should also discourage piracy.

Better road, sea and air connectivity between Malaysia and Indonesia will mean greater interaction between the people of both countries. While that is good in itself, it would be wise to consider possible problems that may arise and work to prevent them or at least manage them better.

For instance, Malaysian authorities should ensure, right from the start, that there is no room for border problems that plague other towns – such as goods and people smuggling – to arise. Sabah and Sarawak, which are either planning to establish new border towns or expand existing ones, should especially take note of this.

We have corrupt officials in Malaysia, and so does Indonesia. Can you imagine how it would be if the corrupt from both sides form syndicates at border towns or at checkpoints?

Also, Malaysian authorities should be wary of Islamic radical groups in Kalimantan which, in the past, stirred up trouble between the various communities not only in Indonesia but also elsewhere. For instance, in mid-2019 Indonesian police arrested a man in East Kalimantan who had recruited an Indonesian couple to carry out a suicide bombing at a cathedral in Jolo which killed 20 people. They were reported to be members of the banned Jemaah Anshorut Daulah.

Malaysia's security forces and intelligence services have to be on the ball to watch over such people if they do cross over or if Malaysian radicals or would-be radicals seek them out.

I fear too that border disputes between Malaysia and Indonesia, which are currently being handled diplomatically or are largely on the back burner, may be aggravated due to increased trade, fishing and cross-border movement of people.

One area of possible contention is Sebatik Island off the eastern coast of Borneo which belongs both to Malaysia (northern part) and Indonesia (southern part). However, ownership of the maritime area located to the east of Sebatik is still unclear and a matter of dispute.

Sebatik, one should remember, saw fighting during what is known as the Indonesia-Malaysia confrontation back in 1963 to 1966, when then president Sukarno tried to stop Sabah and Sarawak from becoming part of the Federation of Malaysia, including through the use of arms.

I don't expect any new confrontation between the two neighbours, of course, but it would be prudent to resolve outstanding issues amicably before something gets out of hand.

According to a population census by Indonesia in 2020, there were 47,571 Indonesians in Sebatik Indonesia while an estimated 25,000 Malaysians resided in Sebatik Malaysia.

Another possible thorn is the more contentious overlapping claims to the Sulawesi Sea off Sebatik and Sipadan.

Both Malaysia and Indonesia have awarded oil exploration rights to companies in the disputed area, and both nations almost went to war over a dispute in 2005.

Indonesia sent six warships and three warplanes to the area while Malaysia sent several naval and coast guard vessels and aircraft there. However, tempers cooled and both sides agreed to resolve the dispute through dialogue.

What was the issue? Briefly, Petronas granted hydrocarbon exploration rights in and around the Sipadan and Ligitan Islands, in an area referred to as the Ambalat block, to its subsidiary, Petronas Carigali, and Shell, the Dutch oil company.

Jakarta protested, saying Petronas had violated Indonesian sovereignty. Malaysia denied this and a to-and-fro started. In the meantime, Indonesians took to the streets to protest against Malaysia. That's when the military standoff happened.

There is a likelihood, therefore, that border disputes and conflicting claims over maritime territory could turn a little nasty with Nusantara right in the middle of Borneo and the resultant rise in trade and people-to-people interactions and increased border patrols.

Putrajaya and Jakarta have to be wary of this. As I said earlier, it's best to try to resolve the disputes soonest possible or at least have people capable of managing any dispute intelligently and peacefully.

So, while the creation of Nusantara the capital city in East Kalimantan will likely benefit Malaysia – especially Sabah and Sarawak, as I've written earlier – there is also potential for trouble in the Nusantara (the Malay/Indonesian archipelago).

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