# ISSUES IN MALAYSIA-INDONESIA RELATIONS: 2000 – 2010

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#### Abstract

Malaysia-Indonesia belongs to the Malay kinship or *rumpun Melayu* as they are immediate neighbouring countries. However, being sovereign nation states, they are bound to adhere to their respective national interests as the guiding principles in the relation with one another. This paper examines the ups and downs in Malaysia-Indonesia bilateral relations from 2000 to 2010. Among the issues included in the discussion are the role of ASEAN in Malaysia-Indonesia relations, cooperation in workforce and illegal immigrants, overlapping territorial claims, terrorism, trade and investment, border cooperation as well as issues pertaining to non-diplomatic matters such as tourism, social and cultural issues. The paper is constructed based on the data collected from interviews with diplomat and officers. It concludes that although both countries belong to the same Malay kinship, national interests of both countries are distinctly different from each other because both are independent sovereign states. Accordingly, the ways in which both countries manage contentious issues through diplomatic and non-diplomatic channels are predominantly determined by their own national interests. This is the pre-dominant reason that explains conflicting nature of bilateral relations between of the two countries in the past decade.

**Keywords**: Malaysia-Indonesia relations, Malay kinship.

## Introduction

"We forget that Indonesia and Malaysia are two sovereign nations with their own national interests. We ignore the fact that Indonesia and Malaysia are two separate and distinct entities." Rizal Sukma, Deputy Executive Director,

CSIS, "Relations with Malaysia require a realistic approach" (The Jakarta Post, September 3rd 2007).

Malaysia and Indonesia has always been referred to as belonging to the same kinship or what is more commonly known in Malay as "Rumpun Melayu." This notion is particularly true by virtue of locations as both nations are situated in Southeast Asia or also known as the Malay Archipelago. Malay is the spoken language of all Malaysians and Indonesians. Islam is the religion practices by many in both Malaysia and Indonesia. Even culturally, both Malaysia and Indonesia practice relatively similar culture. However, due to intervention of colonial powers, both countries went through divergent history of nation-building and hence were separated in many ways. The Malay Peninsular was colonised by the British, while Java, Sumatera, part of Borneo, Celebes and other islands were ruled by the Dutch. Due to colonisation, borders that separated the two countries were marked and it remained so until Indonesia gained independence in 1947 and Malaysia in 1957.

In many aspects, Indonesia has always been looked upon by Malaysia. For instance, early Malay nationalism was inspired by development that took place in Indonesian. Nationalist figures like Ahmad Boestamam, Dr Burhanuddin Al Helmy, Ibrahim Haji Yaacob, Othman Abdullah and Ishak Haji Muhammad were among those radicals. In Firdaus Abdullah's word, "they were ardent supporters of Greater Indonesia concept, and that their political orientation was Indonesian oriented.\(^{1}\)" In terms of education, in the 1960's and 1970's many Malaysian students were sent to study in Indonesian universities such as Universitas Indonesia, Institut Teknologi Bandung (ITB), Universitas Gajah Mada, Universitas Hassanudin and many others. This venture later produced notable scholars like Emeritus Prof. Asmah Haji Omar. In following the Indonesia's lead in education sector, the government of Malaysia took the initiative to import Indonesian teachers and lecturers to teach in Malaysian schools and universities during the 1970's.

Although the two countries belong to the same kinship, after gaining independence, both were somehow guided by their own independent national interest. Malaysia being a secular state is ruled by parliamentary democracy system with the Yang Dipertuan Agung as the head of state. Meanwhile,

Indonesia is a republic with presidential system. Malaysia's first true experience in guarding its national interest was when Indonesia launched confrontation against Malaysia in 1963.<sup>2</sup> On the other hand, Indonesia's survival was first challenged in 1945 when the Dutch try to deny its independence. The Dutch finally recognised Indonesia's independence in 1949. Emerged from the war, the new independent nation secured insurmountable task of managing more than 17,000 islands. To undertake such task, the Indonesian government adopted authoritarian style of leadership coupled with strong military support.

This paper intends to discuss issues in Malaysia-Indonesia relations from 2000 until 2010. Among the issues that will be dealt with in this paper are the role of ASEAN in Malaysia-Indonesia relations, cooperation in workforce and illegal migrants issue, overlapping territorial claims, terrorism, trade and investment, border cooperation and last but not least is issues pertaining to non-diplomatic matters such as tourism, social and cultural issues. Such time frame is chosen in order to compare between three eras of premiership i.e. Dr Mahathir, Pak Lah and Najib. Furthermore during these years, many prominent incidents occurred testing our leaders' credibility in handling of Malaysia's foreign policy. Dr Mahathir was appointed as prime minister on July 16th 1981, and later he was replaced by Pak Lah on October 20th 2003. Najib replaced Pak Lah in April 3rd 2009. It is pertinent to carry out such comparison in order to examine the manner in which our leaders had managed relations between the two countries. During this period, Indonesia also went through changes in Indonesian leadership, from Kiai Haji Abdurrahman Wahid (October 20th 1999); Megawati Sukarnoputri (July, 23rd 2001 - October 20th 2004); Dr Susilo Bambang Yudhoyono. Discussion in this paper will include firstly, a brief account on works done on Malaysia-Indonesia relations, followed by issues that emerged during this period and finally this paper ends with a conclusion

According to Hartman, a country national interest consists of two types of interest namely vital interests and secondary interests.<sup>3</sup> Beside power and resources, vital interests include territorial integrity and independence (freedom from foreign domination). Hartman also reiterated that vital interest is of paramount importance such that a nation would prepare to go to war in preserving the vital interests. On the other hand, Felix Oppenheim refers to

national interests as welfare goals of national government on the international level, such as preservation of political independence and territorial integrity. There are the internal and external aspects of national interests. While internal aspects refer to public good of national security, external aspects: from this perspectives, foreign policy x is in the national interest of state A means that the policy is in the self-interest of A. This is because it helps to protect nation A's security, and that it promotes the interests of some other country or some cause only as far as it is consistent with A's own national interest. In sum, national interest is the factor that safeguards a country's survival and wellbeing and to a certain extent it could also be a factor that can drive a country to go to war. It is in this regard that Malaysia's national interest is to preserve democracy as its political system, liberal capitalism as its economic set up, territorial integrity and independence.

## Work on Malaysia-Indonesia Relations

Even though Malaysia-Indonesia relation had been established for quite some time, studies on this subject are still relatively limited. Except for a number of studies on confrontation, the rest of the issues on the bilateral relations are yet to be explored. In the past, studies on confrontation for instances were carried out by Hyde (1965),<sup>5</sup> Pluvier (1965),<sup>6</sup> Mohd Noor Yazid (2008), <sup>7</sup> Mackie (1974), Muniady (1996). In the 1990's Firdaus Abdullah (1993),<sup>8</sup> Baroto (1993),<sup>9</sup> Lee Kam Heng (1996), were among the few writers who focused on Malaysia-Indonesia relations.<sup>10</sup> Since the year 2000, works by Joseph Chinyong Liow (2003a,<sup>11</sup> 2003,<sup>12</sup> 2005),<sup>13</sup> Marja Azlima Omar (2005)<sup>14</sup> and, Ramli Dollah and Ahmad Mosfi Mahmud (2007)<sup>15</sup> were also noted.

# Top level relations

At present, relation between the heads of state is considerably close. Malaysian Premier, Abdullah Ahmad Badawi and Indonesian president Susilo Bambang Yudhoyono seems to maintain good relations with each other. The chemistry between the two leaders was aptly described by Firdaus Abdullah as "special relations which are strengthen by the hotline". If visits between the two Premiers could be seen as indicator, the relationships of the leaders are

visibly close. This is because Pak Lah had visited Jakarta nine times and Pak Bambang has, in turn visited Kuala Lumpur six times. <sup>16</sup> Both leaders were the key players behind the establishment of the Eminent Persons Group <sup>17</sup> was launched on the July 7th 2008. On the Malaysian side, Tun Musa Hitam was appointed as the leader whereas Tan Sri Try Sutrisno, the former Deputy President leads the Indonesian.

The bond between Pak Lah and Pak Bambang could be categorised as extraordinary such that pertinent issues could be negotiated through personal phone-call between the two leaders. An example of such closeness in their relationships is depicted through Pak Bambang's personal request from Pak Lah to postpone repatriation of Indonesian illegal migrants following the occurrence of tsunami in Acheh in December 2004. During the recent visit to attend the GBC meeting, Pak Bambang managed to take some time to meet Pak Lah in Jakarta while attending a meeting in Bali. Vatikiotis described such gesture as "the new Indonesian-Malaysian relationship was built around a personal chemistry established between President Susilo Bambang Yudhoyono and Prime Minister Datuk Seri Abdullah Ahmad Badawi". 18

Apart from Pak Lah and Pak Bambang, Najib and Yusuf Kalla also seem to benefit from special bonding between them. Both of them seem to share a number of common traits. Firstly, both are of Bugis origin. Secondly both are the deputy to heads of the state and coincidently their wives are from Minang origin. Both Najib and Yusuf Kalla have been working together for quite some time and they also seem to be very comfortable with each other. In order to acknowledge each other contributions, varsities from both countries awarded them with Doctorate of Philosophy. In July 2007, Yusuf Kalla received the Honorary Doctor Philosophy (Economic) award from University of Malaya. In September 2007, Najib was in turn awarded Honorary Doctorate Philosophy from Universitas Hassanudin, Makkasar. It is interesting to note that despite various conflicts that clouded the relations, both countries still manage to pacify their differences and it is at this juncture that the role of personal touch which involves the top leaders namely Pak Lah and Pak Bambang as well as Najib and Yusuf Kalla comes into play.

The rapport between Indonesian and Malaysia leaders is not something new as the former leaders also shared the same degree of closeness. During their administration, Megawati Soekarnoputri and Mahathir Mohamed visited each other quite often. For instance, in 2003 Megawati made three visits to Malaysia. They also frequently interacted in various international forums such as Non-Aligned Summit and Organisation of the Islamic Conference meet. The most notable visit made by Mahathir to Indonesia is probably when he attended his last ASEAN summit in Bali where Megawati bid him farewell with tears and standing ovation.<sup>21</sup>

However, situations were different during Mahathir and Suharto era. Bilateral relations during Mahathir and Suharto era were relatively lukewarm as the two leaders often had clashes of opinions and approaches. When Malaysia proposed the setting up East Asia Economic Grouping (EAEG) as trading bloc in 1990, Indonesia was strongly against the idea. Due to unwavering opposition from Indonesia, EAEG was later recast as East Asian Economic Caucus (EAEC). It was later revealed that, Indonesia was adamant in rejecting the establishment of EACG because Mahathir's proposal was made without prior consultation with Jakarta.<sup>22</sup> It may seem as if President Suharto were sidelined by Mahathir. In addition, immigration issues were also one of the many causes of bitter spat in Malaysia-Indonesia relations during Mahathir and Suharto era. Mahathir announced short-sighted policy of 'Hire Indonesian Last' and until the policy was renounced, relationships between the two leaders were never at its best.

Another factor that has affected Malaysia-Indonesia relations is the arrest and trial of Anwar Ibrahim also known as the "Anwar Factor". Although the incident took place in 1998, repercussions of Mahathir's action had caused significant impacts on Malaysia-Indonesia bilateral relations particularly during the administrations of B. J. Habibie and Abdurrahman Wahid. President Habibie was probably one of two presidents who had taken the Anwar's arrest as personal matter when he cancelled a planned official trip to Kuala Lumpur.<sup>23</sup> After Abdurrahman Wahid was appointed as Indonesian's president, Indonesian Foreign Minister personally delivered Gus Dur's invitation to Mahathir in February 2000.<sup>24</sup> Mahathir then took the invitation as an opportunity to rectify bilateral relations. In relation to that,

Chandran Jeshurun pointed that since both of them are not going to be in the office for too long, nothing significant were achieved from this relations.

On foreign minister level, both ministers also enjoy close relations. Malaysian ex-foreign minister, Dato Seri Syed Hamid Albar was close to his counterpart, Dr Hassan Wirajuda. When Dr Rais Yatim was appointed as the new Foreign Minister, Syed Hamid made a courtesy visit to Jakarta in May 2008, and his action was reciprocated by Dr Hassan Wirajuda in June 2008. To smoothen bilateral relations, Joint Committee Meeting (JCM) headed by the Foreign Minister, involving senior officials from other ministries were formed in 2004. <sup>25</sup> In addition, official level meeting was held from time to time involving other ministries to discuss matters relating to education, defense, commodities, police, etc. In addition, RTM together with TVRI had initiated a half an hour programme, Warta Serumpun, a once a week news programme highlighting news covering both countries. <sup>26</sup> RTM broadcasted the programme on RTM 1 every Sunday evening from 11.00 pm to 11.30 pm.

## **ASEAN** in Malaysia-Indonesia relations

Both Malaysia and Indonesia were the original members of ASEAN which was established on August 8th, 1967. The entity itself is the output of a conflict resolution between the two as a result of the Confrontation launched by Sukarno in 1963 against the so-called Malaysia concept put forward by Tunku Abdul Rahman.<sup>27</sup> Before ASEAN, there were two other proposals i.e. ASA (1961) and MALPHILINDO (1963) but both failed to take off. It was through the meeting of Adam Malik and Thanat Khoman in Bangkok that had resulted in cold relations between Malaysia-Indonesia-the Philippines due to proposal to establish Malaysia. In the words of Estrella Solidum, "Thanat proposed to Malik the idea of another organisation for regional cooperation to include more members"<sup>28</sup>

Since the establishment of ASEAN, member countries have not looked back. By employing the principle of non-interference in the member domestic affairs, conflict has been avoided. However, ASEAN was not without its problems. From time to time, conflicts do arise but it was resolved without resorting to military means. It is interesting to note that since 1967, there has

never been any conflict among member countries. Lately, ASEAN has been urged by big powers to change its non-interference policy. The United States for instance, wanted ASEAN to change its approach to be more in line with current development of world politics. The pressure usurped by the United States on ASEAN was probably caused by issues in East Timor and human rights situation in Myanmar. From their perspectives, ASEAN had failed to initiate positive responses to effectively handle those issues. The spirit of *musyawarah* that has been the bastion of ASEAN was claimed to be the reason for such failure.

At this juncture, it is pertinent to ask: does ASEAN need to change? If change is good, then ASEAN has to change. But, what if change does not lead to better result? In relation to that, Jusuf Wanandi made the following statement in Jakarta Post: "ASEAN has become a successful Southeast Asian diplomatic entity. In addition, to a limited extent, it also has become an economic entity due to increased integration aimed at creating an economic community in 2015." According to Jusuf Wanandi, Indonesia's long involvement in ASEAN has led Indonesia to sideline its national interest in order to give propriety to ASEAN's integration. For that reason, he further suggested that Indonesia should put its national interest as the first priority and regional interest as the second priority in order to forge closer relations with big powers such as China, India and the United States.

Since their involvement in ASEAN, both Malaysia and Indonesia have gained numerous achievements. Firstly, the bilateral relation has significantly improved after both countries became the members of ASEAN. Secondly, both countries are united in their approach to support ASEAN's one voice in defending the regional interest of ASEAN member states. Finally, the participation in ASEAN also has successfully hinder the members, particularly Malaysia and Indonesia from going into conflict.

## Cooperation in workforce and illegal migrant

The presence of Indonesian labour in this country is not a new phenomenon. Migration involving peoples from the islands in the Malay Archipelago has been going on since time immemorial. In the 19<sup>th</sup> century, the Chinese and Indian labours were brought in by the British to work as coolies in the

plantation and mining sectors. The presence of the *Tenaga Kerja Indonesia* (TKI or Indonesian Workforce) started to increase in order to complement the needs of the Malaysian economic sectors. <sup>29</sup> Tremendous transformation in Malaysian economy in 1980's has led to increasing needs for labour. Due to the fact that locals were not eager to work in the 4 'D's' (dirty, dangerous, difficult and demeaning) related work, Malaysia has to heavily rely on foreign labour. Foreign labours from Indonesia were often preferred over the others due to several reasons. The cost for Indonesian labours is cheaper, they also tend to assimilate better with others, and most importantly they are hardworking. As a result, Malaysia has attracted many Indonesians both with and without document to work in various economic sectors. Currently there are approximately one to two million Indonesians workers in the country. Therefore, it is evidently clear that Malaysia's need for labour has always been complemented by Indonesia's surplus of labours.

Medan Agreement which was signed in 1984 is one of the landmark collaboration for both countries pertaining to workforce's recruitment and regulation. In May 2006, a Memorandum of Understandings (MoU) on employing Indonesian domestic workers was signed between the two governments. At the same time, Indonesia has been demanding Malaysia to increase the present salary of domestic maids from Indonesia. Such demand was due to the comparison of salary paid to the Filipino maids whose salaries are higher than their Indonesian counterparts. Although the Medan MoU has its weaknesses, it signifies that both parties acknowledged the need to have such arrangement with regards to enrolment of foreign labours.

On the other hand, the incidents that took place in Pekan Nenas (2001) and in Nilai (2002) has led Dr Mahathir to announce that Malaysia will no longer import workforce from Indonesian.<sup>30</sup> In response to these incidents, the Malaysian government amended the Immigration Act 1959/1963 with immediate effect in August 2002. The main objective of the amendment was to impose heavier punishment. Those workers without permits and those employers who employ workers without permit can be punished with RM10, 000 or five years in jail. The amendment of the law had caused row between the two countries to the extent demonstration condemning Malaysia was held in front of Malaysian Embassy in Jakarta.

Malaysia-Indonesia bilateral relation was also badly affected with the incident of Nirmala Bonat. Bonat who worked as a maid was badly tortured by her Malaysian employer. The matter was highly publicised in the media showing Bonat's severe body injuries. Following that, Kuala Lumpur was heavily criticised by Jakarta. Many parties in Indonesia, were skeptical on the way the Malaysian authorities would handle the incident. It was simply assumed that her employers would be let off the hook. However, contrary to that, on November 26<sup>th</sup>, the Session Court found the employer, Yim Pek Ha guilty and sentenced her to 18 years imprisonment.<sup>31</sup> The decision was hailed by Susilo as justice has been duly served.<sup>32</sup> It should also be noted that Nirmala Bonat's case was not the only case involving bad treatment of Indonesian maids in Malaysia. There are a few other cases waiting for trial and those cases have further strained bilateral relations to a considerable degree.

Although the Indonesians were needed as workers, there were also negative repercussions due to their presence in the country. There were many reports of serious crimes that either linked to or committed by them. This situation has in turn led the locals to perceive the presence of a large number of Indonesians particularly those who reside in illegal settlements as a threat to the security. Such fear is not unfounded as there are large numbers of Indonesians inmates compared to other nationalities in Malaysian prisons from 2005 to 2007. As depicted in Table 1, the numbers of Indonesians inmates in the prison has steadily increased for three consecutive years.

**Table 1** Foreign nationalities in Malaysian prison 2005 – 2007

| Nationalities | 2005   | 2006   | 2007   |
|---------------|--------|--------|--------|
| Indonesia     | 24,538 | 38,832 | 49,370 |
| Thailand      | 2,550  | 2,645  | 2,882  |
| Philippines   | 7,030  | 8,317  | 9,278  |
| Others        | 13,664 | 16,498 | 21,457 |
| Total         | 47,782 | 66,292 | 82,987 |

Source: Prison Department, Malaysia.

## Terrorism

When Suharto replaced Sukarno in 1967, he started a regime which ruled Indonesia for more than 3 decades. Due to strong military support,<sup>33</sup> it later became a significant entity in Indonesian politics. It was such a powerful

regime that any opposition against it will be crushed by the military. It was in this environment that Jemaah Islamiah (JI) emerged in Indonesian politics. JI originated from a group known as Darul Islam (DI) which started in the 1940's by Kartosuwiryo, a charismatic Muslim politician who wanted to establish a Sharia state in West Java. It clashed with Sukarno resulting in the group losing its radicalism. Abdullah Sungkir and Abu Bakar Bashir, the original member of DI later on clashed with other members and they went on to establish another group which was later known as JI. The presence of JI was perceived by Suharto as an internal threat that would create havoc domestically. For that reason, Abdullah Sungkir and Abu Bakar Bashir were high on the wanted list and in order to escape from the Indonesian authorities, both later left Indonesia for Malaysia.

The group led by Abdullah Sungkir and Abu Bakar Bashir emerged and started to spread Islamic teaching in Negri Sembilan. Later, the group shifted their activities to Johor, centering in Kota Tinggi, taking the advantage of the absence of PAS from the state.34 It was in Johor that JI managed to attract and recruit many Universiti Teknologi Malaysia's staff among others; Dr Azhari Hussein, Wan Min Wan Mat and Dr Abdullah Daud. Noordin Mat Top, an accountant was recruited on a later stage. With a pool of technocrats and its religious background, JI managed to established cadres with high loyalty and willingness to die for Islam. It is believed that they had this vision of establishing a Darul Islam covering Malaysia, Indonesia, Southern Thailand, Singapore and Southern Philippines. When Suharto's regime was toppled in 1998, Abu Bakar Bashir gained the opportunity to return home and set up a pesantren in Solo, West Java. It was during this period that the group was involved in a series of terrorist acts in Poso, Moluccan and Northern Celebes.<sup>35</sup> The group started to target Western interest after the American launched a war on terrorist groups after the 9'11 incident in 2001.

At this stage, it is clear that Dr Azhari and the gang were feared for their involvement in the bombing of Bali (2002), Marriott Hotel, Jakarta (2003), Australian Embassy, Jakarta (2004) and Bali (2005). JI Malaysia was weakened with the arrest of Wan Min Wan Mat and company in 2002. Even though Dr Azhari was killed in 2006 and then followed by the death of Noordin Md Top in 2009, JI is still considered as a dangerous threat.

In stopping the spreading of JI activities, the Malaysian and Singaporean authorities has proactively taken the initiatives to arrest the JI members. If not JI-Malaysia would have the chance to launch act of terror in Malaysia to follow the steps of their Indonesian counterparts in Indonesia. Realising the danger that this group could inflate, both Malaysia and Indonesia need to collaborate in combating this group to end their activities. Such move would be more practical than blaming Malaysia for exporting Dr Azhari and Noordin Md Top to become the most dangerous and wanted JI man in Indonesia. In response to Jakarta's accusation, Kuala Lumpur could argued that while it may be said that Malaysia has exported two most wanted fugitives to Indonesia, Dr Azhari and Noordin would not have become terrorists had Abdullah Sungkir and Abu Bakar Bashir fled to Malaysia and recruit cadres <sup>36</sup> It is an open secret that JI cadres are operating in Sabah and Sandakan has been their base for the past few years. However, their presence in Sabah is only to facilitate the transit of JI-Indonesian cadres to get military training with the Abu Sayyaf Group in the southern Philippines. Nevertheless, their movement is under the watchful eyes of the Malaysian authorities.

# **Border cooperation**

There are three types of cooperation involving both countries at the border. The first one is the BIMP-EAGA which includes not only Malaysia, Indonesia but also the Philippines and Brunei. However, BIMP-EAGA has yet to prove its worthiness. The second type is the barter trade between Tawau and Kalimantan Timur. Over the years, this kind of cooperation has become an important source of income to Sabah. For instance in 2007, the value of goods traded amounted to RM150, 718,534.35.

**Table 2** The volume of barter trade between Tawau and Kalimantan Timur (2001 – Nov 2005)

| Tahun          | Import (RM)    | Eksport (RM)   | Jumlah (RM)    |
|----------------|----------------|----------------|----------------|
| 2001           | 368,256,085.56 | 32,846,965.94  | 401,103,051.50 |
| 2002           | 77,633,531.86  | 59,726,885.34  | 137,360,417.20 |
| 2003           | 52,158,309.39  | 154,337,129.67 | 206,495,439.06 |
| 2004           | 57,133,753.76  | 89,699,335.63  | 146,833,089.39 |
| 2005 (Jan-Nov) | 58,409,947.29  | 92,308,587.06  | 150,718,534.35 |

Source: Royal Custom & Excise Malaysia, Tawau, Barter Trade Division, December 2005.

As a direct impact of the barter trade between Tawau and Kalimantan Timur, the Tawau Port and Tawau has developed to become towns in the east coast part of Sabah. The Port of Tawau has grown in its importance because it caters many parts of East Kalimantan such as Nunukan and Tarakan. Compared to Samarinda or Balikpapan, the port of Tawau is closer in distance to those places. Among the traded goods from are cooking oil, eggs, Nescafe, sugar, bicarbonate drinks (7-up, Coke and Pepsi) as well as second hand outfits. On the other hand, imported goods consist of cooking utensils, shirts, *sarung* for male and female, cookies and female prayer dress (*telekong*). It is interesting to note that, while the barter trade between Sandakan and southern Philippine is illegal, the barter trade between Tawau and Kalimantan Timur is legal.

Apart from barter trade, another activity that usually take place at the border is the exports of illegal timber from East Kalimantan. These illegal timber ends up in Tawau Port and then later export under the guise of Malaysian timber. Such activities has resulted Indonesia to lose millions of dollars in terms of revenue. The matter is made worst because it is difficult to monitor the areas concerned. Efforts to stop this illegal activity require closer cooperation between both countries authorities. For that purpose, the General Border Agreement (GBC)<sup>37</sup> was initiated to resolve various issues at the border. The GBC's 37th meeting was held on the December 11th 2008 in Jakarta and it was attended by Pak Lah himself in his capacity as the Prime Minister cum Minister of Defense. Among the issues approved in the meeting is the opening of a new post i.e. post Seliku as the first post in Sabah. The other issue is to allow aircraft to enter border without getting approval from either side.

## **Trade Relations**

Both Malaysia and Indonesian have been significant trading partners of each other. In 2007, Indonesia was Malaysia 9th largest trading partner with 3.5 per cent of Malaysia's total trade.<sup>38</sup> In the same year, Malaysia was Indonesia's 5th largest trading partner with almost 6.1 per cent of Indonesia's total trade.<sup>39</sup> Over several years, Indonesia's bilateral trade balance with Malaysia has always been in Indonesia's favour. For example, Indonesia enjoyed a trade surplus of \$540 million in 2000, \$600 million in 2001 and \$992.5 million in 2002.<sup>40</sup> In the year 2007, trade balance was still in favour of Indonesia. Indonesia recorded a trade surplus of \$29.2 million.<sup>41</sup>

On the investment side, Malaysian companies have always been among the largest investor in Indonesia. In 2003, Malaysian investors pumped \$77 million into 23 projects in Indonesia and such investment had placed Malaysia as 11th largest investor in Indonesia <sup>42</sup> After several years, Malaysia's Foreign Direct Investment (FDI) in Indonesia has increased tremendously. In 2006, the total value of Malaysia's FDI in Indonesia was \$279.4 million. In the following year (2007), Malaysia's FDI in Indonesia had reached \$2.35 billion and such value had ranked Malaysia as the third largest investor in Indonesia after the United States and Singapore.

From the above figures, we could say that trade relations between the countries have been consistently good despite irritations in diplomatic relations. Undoubtedly, it would be in the best interests of both nations to maintain positive trade relations as deteriorations in trade relations could profoundly affect economic performance.

## **Overlapping Territorial Claims**

Over the years, Malaysia and Indonesia has had series of hiccups in their relations pertaining to overlapping territorial claims. The most overwhelming one is the dispute over Ligitan and Sipadan Island. When both parties agreed to submit their conflicting claims to International Court of Justice (ICJ) at The Hague, turmoil in bilateral relations continues to an unprecedented degree. Finally, in the year 2002, both Ligitan and Sipadan islands were awarded to Malaysia based on the effectivities factor. Although Indonesia acceded to ICJ's 16:1 ruling, bilateral relations were marred by parties who were not satisfied with the ruling. Three years after Ligitan and Sipadan row, in 2005, Malaysia and Indonesia once again involved in another conflicting claim i.e. the ND6 & 7 dispute in the Celebes Sea.

The dispute has taken bilateral friction to the next level when it nearly engulfed both countries navies to an armed conflict. This is related to Malaysia giving concession right to Royal Dutch/Shell and Petronas Carigali Sdn Bhd to explore oil at the Ambalat block ND6 and ND7.<sup>44</sup> Indonesia had not only protested Malaysia's action, but also took an extreme measure of sending its navy to the disputed area. However, Indonesia's harsh actions could be

understood since it had permanently lost two of its valuable territories, namely Timur Timor which gained independence and known as Timor Leste in 1999 and the islands of Ligitan & Sipadan in 2002 to Malaysia. 45

In order to resolve the Ambalat crisis, Malaysia and Indonesia had agreed to resort to diplomatic channel. It seemed like Indonesia had learnt a hard lesson from their experience of losing the islands of Ligitan and Sipadan in 2002. On March 22nd 2005, the Malaysian Foreign Minister Datuk Syed Hamid Albar and his counterpart Dr Hassan Wirajuda had decided that closed door meeting will be held. It seemed that Malaysia and Indonesia had arrived at the same conclusion i.e. diplomacy is the best way to settle the issue. Both parties had also agreed not to refer the disputes to the ICJ. Instead, they will opt for an alternative mechanism in searching for solution.

Previous and ongoing overlapping claims indicate that in years to come there will be many more claims and counter claims as a result of the UNCLOS regime which has been cited as a source of conflict in South East Asia and other parts of the world. Although national interest is undoubtedly the main impetus for countries to go into conflict, the fact that these areas are rich with gas and oil could also be the contributing factor.

# **Non-Diplomatic Issues**

In this section, the writers will discuss several issues that are not related to diplomatic matter but nonetheless affects bilateral relations. Among the related issues are the role of media and culture, issue relating to 'Rasa Sayang song' and the usage of the word 'indon'.

When one talk about Malaysia-Indonesia, one could not isolate oneself from discussing the role of media<sup>46</sup> especially during the post Suharto period.<sup>47</sup> Post Suharto period, the media in Indonesia suddenly experienced wide freedom of press. Hence, media was one of the significant causes in influencing Indonesia's masses hatred towards Malaysia. This is evidently clear in a number of issues that the media seemed to have overplayed certain issues in order to gain support from the masses.<sup>48</sup> Due to several factors, most of the sensationalised issue have led to demonstrations on the street

Firstly, Indonesian masses are very patriotic and sensitive to other Indonesians sufferings abroad such as the case of abuse on domestic workers. Secondly, it is easy to hold demonstrations in Indonesia as long as the permit is obtained. Thirdly, there are organisers who seek to host the demonstrations. Fourthly, there are many unemployed living in Jakarta who are always willing to participate in any demonstration if given some money. Fifthly, the political parties also tend to take advantage of the situation for their political mileage. More than often, the highlight of the demonstration is the flag burning of Malaysia. One of the favourite spot for mass demonstration is in front of Malaysian Embassy at Jalan H.R Rasuna Said, South Jakarta.

Unlike their counterpart in Indonesia, media in Malaysia is closely monitored by the responsible government agencies. Therefore, although the media in Malaysia also have the tendency to sensationalise certain issues but the government still retains considerable control. For instance, headlines in media like "Indonesian criminal gunned down by police" or "Indon sent home" were later toned down when the Indonesian Embassy in Kuala Lumpur complained about the matter.<sup>50</sup> Realising the importance of mass media in influencing the masses, the governments of both countries need to advice the media to be prudent in their actions. In order to ensure harmonious bilateral relations, it is of upmost importance to emphasise fair and balance reporting. The practice of bias reporting was clearly visible during the height of the Ambalat issue in 2005. While the Indonesian media was all out tarnishing Malaysia's image, the media in Malaysia was calm over the issue, as if nothing happen between the two.<sup>51</sup>

Another issue of contention arose in October 2007. At that time, Malaysia announced that *Rasa Sayang*, a popular folk song amongst the people in the region as Malaysia's own song and promoted it during Tourism Malaysia promotion abroad. Such action had prompted Jakarta to criticise Malaysia's tourism promotion<sup>52</sup> Malaysian Tourism Minister, Datok Seri Tengku Adnan Mansor stated that *Rasa Sayang* belongs to the Malay Archipelago. On the other hand, Karel Albert Ralahalu, the Maluku Governor reiterated that *Rasa Sayang* belongs to Indonesia because it is a Maluku folk song. Nevertheless, Datuk Seri Tengku Adnan argued that Indonesian could not prove that *Rasa* 

Sayang is an Indonesian folk song. Later, the Indonesian government came up with evidence that proved Rasa Sayang was first recorded in Indonesia in 1962. As a result, on 11th November 2007, Malaysian Minister of Culture, Art and Heritage, Dato' Seri Rais Yatim responded that Rasa Sayang does indeed belongs to Indonesia. Interestingly, the Rasa Sayang controversy led to several impacts. Firstly, Tourism Malaysia in a related development has dropped two dances that originated from Indonesia from its overseas tourism campaign. Secondly, as a result of this incident, Institut Kajian Malaysia-Indonesia (IKMI) at the Universiti Industri Selangor was established. Thirdly, the Indonesian government has taken the initiatives to obtain intellectual property rights over 62 folk songs from the Maluku region. 55

Due to ignorance, the usage of the term 'Indon' by Malaysians to refer to Indonesians has stirred up dissatisfaction among the Indonesians. Indeed, ignorance is not an excuse and Malaysians including the media practitioners in Malaysia should have taken extra precaution not to use the term 'indon' to refer to Indonesians. It is not the same thing with the usage of the word 'Malays' to mean Malaysians or to use 'Aussies' to refer to Australians. The term 'indon' contains derogatory meaning and those who uses such term could be considered as downgrading. In order to pacify the situation, the Malaysian government and the print media in Malaysia has sought to use the term 'Ina' to refer to Indonesians. Although the issue may seem petty or trivial, it should not have been overlooked.

## Conclusion

Malaysia's relationship with Indonesia has developed for more than five decades. The bilateral relation has experienced it's up and down since 1957. However, in the recent years, various contentious issues that tested both countries' leaderships had cropped up. Among the issues are Indonesians labours, overlapping claims, treatment of Indonesia's domestic workers, terrorism, socio and cultural issues and border issues pertaining to illegal logging. What is inherent is that, in solving their differences, both nation seeks to uphold their national interest at all times.

What is Malaysia's interests in relations with other countries? Malaysia's national interests are undoubtedly wide-ranging but the most salient interest is to have or to maintain good and peaceful relations with other nations. Such bona fide relations have to be secured from every possible angle namely diplomatically, economically and socially. Indonesia and many other states in the world today also seek to uphold their national interest. Based on what has transpired over the past years, it is clear that national interest was the main reason for the entire outburst in the ups and downs in Malaysia-Indonesia bilateral relations since 1957.

Although both countries belong to the same Malay kinship, they are now two sovereign states with their own national interests that tend to differs with one another. In this sense, the ways in which both countries manage contentious issues whether diplomatic or non-diplomatic are predominantly determined by national interests. This is the underlying causal factor that explains the conflicting nature of bilateral relations of the two countries in the past decade.

#### NOTES

- <sup>1</sup> Firdaus Abdullah. 1985. *Radical Malay Politics: Its Origins and Early Development*. Kuala Lumpur: Pelanduk Publications, p. 52.
- <sup>2</sup> J.A.Ĉ Mackie. 1974. Konfrontasi: The Indonesia-Malaysia Dispute 1963 1966. Kuala Lumpur: Oxford University Press.
- <sup>3</sup> Frederick H. Hartman. 1978. *The Relations of Nations*. 5th Ed. New York: Macmillan, p. 76.
- <sup>4</sup> Felix Oppenheim. 1987. National interests, rationality and morality. In *Political Theory*, Vol. 15 (3), pp. 37, 1 2.
- <sup>5</sup> Hyde. 1965. *Confrontation in the east*, London: The Boley Head.
- 6 Pluvier. 1965. Confrontation: A study in Indonesian politics. Kuala Lumpur: Oxford University Press.
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- <sup>9</sup> Baroto. 1993. "Similarities and differences in Malaysia-Indonesia Relations". *Indonesian Quarterly*, 21 (2): 151 170.
- <sup>10</sup> G. Poulgrain. 1998. The *Genesis of Konfrontasi: Malaysia, Brunei, Indonesia, 1945 1965*. Barthurst, NSW: Crawford House Publishing.
- <sup>11</sup> Joseph Chinyong Liow. 2003. "Malaysia's illegal Indonesian Migrant Labour Problem: In Search of Solution." *Contemporary Southeast Asia*. 25 (1): 44 64.

- <sup>12</sup> Joseph Chinyong Liow. 2003. "Visions of serumpun": Tun Razak and the Golden Years Indo-Malay Blood Brotherhood, 1967 – 1975", Southeast Asia Research. 11 (3): 327 – 350.
- <sup>13</sup> Joseph Chinyong Liow. 2005. The Politics of Indonesia-Malaysia Relations: One Kin Two Nations. London: Routledge-Curzon.
- <sup>14</sup> Marja Azlima Omar. 2005. "Migration of Indonesians into Malaysia: Implications on Bilateral Relations" in Proceedings of Seminar on State Responses to the Presence and Employment of Foreign Workers in Sabah, Kota Kinabalu: Ethnography & Development Unit, Universiti Malaysia Sabah.
- <sup>15</sup> Ramli Dollah & Ahmad Mosfi Mahmud. 2007. "Perdagangan Tukar Barang Malaysia-Indonesia: Potensi dan Cabaran" *JATI*, Bil. 12: 83 106.
- <sup>16</sup> Personal communication with the staff of the Embassy of Republic of Indonesia in Kuala Lumpur, June 10th 2008.
- The Eminent Persons Group (EPG) comprises 14 figures -- seven from each country -- who were picked by their respective governments to provide inputs on how to deal with non-diplomatic issues in Malaysian-Indonesian relations that could have adverse impacts. "RI-Malaysia EGP to hold first meeting" http://www.thejakartapost.com/news/2008/08/23/rimalaysia-egp-hold-first-meeting.html-0 accessed May 20th 2010.
- <sup>18</sup> Michael Vatikiotis, 'Prudence remains the key in Sulawesi Sea' New Straits Times, March 10th 2005
- <sup>19</sup> Najib's Doctor of Philosophy acceptance speech.
- <sup>20</sup> The writer was present during the event.
- 21 Ibid.
- <sup>22</sup> Joseph Liow. 2005. The Politics of Indonesia-Malaysia, pp. 141 142.
- <sup>23</sup> Jeshurun. 2008. Malaysia, p. 299.
- <sup>24</sup> Jeshurun, 2008. Malaysia, p. 302.
- <sup>25</sup> Personal communication with the officer at Wisma Putra on 11<sup>th</sup> December 2008.
- <sup>26</sup> Dato' Ahmad Shaberry Chik initiated the idea and Warta Serumpun was launched on 31st August 2008. Telephone communication with RTM staff on December 12th, 2008.
- <sup>27</sup> Abdullah Ahmad. 1985. Tengku Abdul Rahman and Malaysia's Foreign Policy. Kuala Lumpur: Berita Publishing Sdn. Bhd., p. 39.
- <sup>28</sup> Estrella D. Solidum. 2003. The Politics of ASEAN: An Introduction to Southeast Asian Regionalism. Singapore: Eastern Universities Press, p. 21.
- <sup>29</sup> Marja Azlima. 2005. "Migration of Indonesians, pp. 115 140.
- <sup>30</sup> Marja Azlima. 2005. Migration p.120.
- 31 "Nirmala Bonat case: Housewife convicted of hurting maid gets 18 years jail" New Straits Times, November 27th 2008.
- <sup>32</sup> "Nirmala Bonat's case: Susilo hails ruling" New Straits Times, November 28th 2008.
- <sup>33</sup> Salim Said. 1998. "Suharto's Armed Forces" Asian Survey, Vol. 38, No. 6: p. 535 k 552.
- <sup>34</sup> In Johor, PAS could not hold ground due to many Johorean are sole supporters of UMNO. The writers observation during his stay in Johor from 1986 until 1997.
- 35 Edward Aspinoll. 2008. "Ethnic and religious violence in Indonesia: A review essay" Australian Journal of International Affairs. 62: 4, pp. 558 – k 572.
- <sup>36</sup> This was clearly the thinking among Indonesian that Malaysia exported Dr Azhari and Noordin. This thinking was quite obvious during both writers stays in Jakarta for one week in June 2007 and also in Makassar in September 2007.
- <sup>37</sup> Established on July 23<sup>rd</sup> 1972, the GBC Malindo is the principal body overseeing the security cooperation along the common border. See *25 Tahun GBC Malindo*. 1997. Kuala Lumpur: Percetakan Seasons Sdn. Bhd., p. 29.

- <sup>38</sup> MITI, 2016, Unpublished primary data.
- <sup>39</sup> MITI, 2016, Unpublished primary data.
- <sup>40</sup> MITI, 2016, Unpublished primary data.
- <sup>41</sup> MITI, 2016, Unpublished primary data.
- <sup>42</sup> MITI, 2016, Unpublished primary data.
- <sup>43</sup> Abdul Kadir Mohamad. 2008. Malaysia's Experiences at the International Court of Justice, Kuala Lumpur: Institute of Diplomacy & Foreign Relations, p.26.
- <sup>44</sup> Schofield & Ian Storey, "Energy Security and Southeast Asia: The Impact on Maritime Boundary and Territorial Disputes," *Harvard Asia Quarterly*: p. 36 46.
- <sup>45</sup> Wan Syawaluddin Wan Hassan & Ramli Dollah. 2010. Isu dan cabaran hubungan Malaysia-Indonesia. Dlm. Kamarulnizam Abdullah (Ed.), *Malaysia dalam Hubungan Antarabangsa Serantau*, Sintok:Penerbit UUM, p. 99.
- <sup>46</sup> In this paper media refers to radio, television and newspapers.
- <sup>47</sup> Che Mahzan Ahmad provide a good account of mass media in Indonesia. Che Mahzan Ahmad. 2003. "Mass media in Indonesia: A short historical journey through five decades". In Mohd Yusof Hussain. Mass *Media in Selected Muslim Countries*. Kuala Lumpur: IIUM Publishers.
- <sup>48</sup> Ambalat was one of the noted issue that was sensationalized by the Indonesia's media such as radio, television and print media.
- <sup>49</sup> Personal communication with one of the officer at the Malaysian Embassy in Jakarta on December 11<sup>th</sup> 2008.
- <sup>50</sup> Personal communication with the staff of the Embassy of Republic of Indonesia in Kuala Lumpur, June 10<sup>th</sup> 2008.
- 51 See Lai Che Ching @ Abd. Latif & Lee Kuok Tiong. 2006. "Kasus/Konflik Ambalat- Reaksi Media Indonesia: Framing dan Komunikasi Antarabangsa" dalam *Jurnal MANU*, XI.
- 52 "Malaysia and Indonesia row over ownership of a Malay folk song" http://www.iht.com/articles/ap/2007/10/03/asia/AS-GEN-Malaysia-Indonesia-Song.php accessed November 24th 2011.
- <sup>53</sup> The two dances are barongan and endang. "Malaysia drops Indonesian dances from tourism campaign following protests" http://www.iht.com/articles/ap/2007/12/04/asia/AS-GEN-Malaysia-Indonesia-Dance.php accessed May 20th 2010.
- 54 "Unisel tubuh IKMI bagi bincang isu Malaysia-Indonesia" Bernama, November 1st 2007. accessed May 20th 2010.
- 55 "62 Lagu Rakyat Maluku Tanpa Nama Pencipta Didaftarkan ke Depkumham" http://www.antara.co.id/arc/2007/12/17/62-lagu-rakyat-maluku-tanpa-nama-pencipta-didaftarkan-ke-depkumham/ accessed March 3<sup>rd</sup> 2010.

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