

## Changes in Border Security Policy: Impact on Businesses in Sabah

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### ABSTRACT

*The Lahad Datu Intrusion in 2013 has impacted Sabah's economy. It started off when a group of militants arrived in Lahad Datu from a neighbouring country. The militants were reported to come to assert the unresolved territorial claim on Sabah. In addition, there were series of kidnapping incidences happened in Sabah in the past few years. Several measures were taken in response to the intrusion; the establishment of the ESSCOM/ESSZONE, the banning of the use of barter trade jetty and wooden hull, and curfew in certain areas among others. Those measures have resulted heated debate in Sabah. Despite ensuring peace and stability, the policies are claimed to affect businesses in Semporna and Tawau adversely. This study has undertaken a survey to investigate the effects of border security policy on Sabah's economy, specifically businesses in Tawau and Semporna. A survey involving 305 business players has been undertaken. Round-table discussions were conducted in Tawau and Semporna to obtain feedbacks and validate the findings of the study. The study in general found that border security measures have adverse effects on business. However, it produces positive effects particularly on businesses in tourism industry.*

## INTRODUCTION

The Lahad Datu intrusion in 2013 has impacted Sabah's economy. It started off when a group of militants arrived in Lahad Datu from a neighbouring country. The militants were reported to come to assert the unresolved territorial claim on Sabah. In addition, there were series of kidnapping incidence happened in Sabah in the past few years involving tourists. Those incidences have indeed given a negative image concerning security in Sabah.

Several measures were taken in response to the intrusion; the establishment of the ESSCOM/ESSZONE, the banning of the use of barter trade jetty and wooden hull, and curfew in certain areas among others. The Eastern Sabah Security Zone (ESSZONE) is a security zone that was introduced following the intrusion by militants in 2013. The banning of barter trade refers to the temporary prohibition of using barter trade jetty, such as in Tawau. Curfew refers to the sea curfew in the waters of several districts in the eastern part of Sabah where 3 nautical miles from the shoreline is under curfew at specific time period of the day only.

These policies or regulations however had resulted a subject of heated debate in Sabah. Despite ensuring peace and stability, the policies are said to affect businesses in Semporna and Tawau adversely. The objectives of the study are to examine the economic impacts of security issues and border policy as reported by residents in Tawau and Semporna. In addition, the study aims to provide useful information for stakeholders in Sabah.

## MATERIALS AND METHOD

There are limited number of studies found which attempt to investigate the impact of border security policies in Sabah. Several

literatures related to security and border such as by Amooore (2004), Ansell (2004), Baldwin and Evenett (2012), Bown and Crowley (2013), Buchanan (2003), Edgell, Allen, Smith, and Swanson (2008), Evenett and Vines (2012), Gaston and Nelson, (2000), Shelley (2010a, 2010b) and Nail (2016) have been reviewed. None of the studies have attempted to examine the impact of tighter border security policy on Sabah's economy. Indeed, limited studies are available on this.

A survey involving 305 business players engaging in cross-border trade has been undertaken in Semporna and Tawau. In addition, round-table discussions were conducted in Tawau and Semporna to obtain feedbacks from business players and validate the findings of the survey.

## RESULTS AND DISCUSSION

Figure 1 depicts the perceived impact of border security policy on businesses in Tawau and Semporna. Figure 1 shows that 23.3% of the respondents expressed that their income has reduced as a result of changes in border security policy. In addition, 20% of the respondents highlighted that business opportunity had reduced as a result of the changes in policy. Moreover, 35.1% of the respondents think that labour supply had decreased when border security policy becoming more stringent. Furthermore, 27.5% of the respondents think that the supply of goods from neighbouring countries to be sold in Sabah had dropped. Apart from that, only 15.5% of the respondents think that there is still security threat even though there had been few changes in border security policies mentioned earlier.



**Figure 1** Perceived impact of border security policy on businesses in Tawau and Semporna

All in all, generally the findings of the survey are consistent with input given by the key stakeholders invited in the roundtable discussion in Tawau and Semporna. However, there is an exception to the impact on tourism industry in Semporna, where it is found that business activities have been expanding as a result of the changes in border security policies.

### CONCLUDING REMARKS

Border security policies have adverse effects on business in general. The enforcement of tighter border security impacted respondents that live in Tawau and Semporna in terms of their income and businesses. However, it produces positive effects particularly on businesses related to tourism industry, specifically in Semporna.

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