

## DEVELOPING ECONOMY IN THE BORDER OF EAST KALIMANTAN

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### ABSTRACT

*Compare to the one in Serawak – Sabah Malaysia, border area in East Kalimantan Indonesia is still less developed. These differences both socially and politically turn to be the main factor caused such a huge gap existed between these areas. This study was aimed to analyze this problem using survey method and conducted in the period of six month in 2012. The result showed that there are two things need to be done to overcome the problem. First, establishing a good infrastructure and the second is developing the economy of people in border area. Establishing infrastructure in border area supposed to be focused on transportation issues, whilst developing economy is emphasis on creating the area as the center of economic growth.*

**Keywords:** Border area, economic inequality, infrastructure, economic development

### INTRODUCTION

Border area between Indonesia – Malaysia in East Kalimantan are still underdeveloped and somewhat left in term of development from other area in this province. Statistical Board (2012) mentions that this condition occurred due to several reasons such as geographical isolation; low level of health and education; relatively high number of poor; and the low level of socio-economic welfare of the community. In addition, this circumstance is worsened by inadequate information from the government to the people so that they receive more information from the neighboring country.

Border area plays a significant role both in politics and national defenses. As the doorway to a country, border area is mostly used by the border crossers from and to Malaysia for various purposes which are lead to economic advantageous and national threat due to lack of security check points.

There are some issues related to border area management in East Kalimantan such as border conflict between Indonesia – Malaysia, illegal logging, law enforcement problem, bilateral relations, social and political issues.

1. The boundaries between countries are not clear, due to damage markers in the border area. Equator Expedition Team which is formed by Indonesian National Army (TNI) reported that after surveying 409 km out of 1,038 km Indonesia – Malaysia border line, it is found that there are 167 missing stones along the line, whilst 16 stones has been shifted to Malaysian area. However, this missing stones could be restored using coordinates points as guidance. (Kaltim Post, June 5<sup>th</sup> 2012, page 33).
2. Lack of monitoring from the government lead to illegal exploitation of natural resources in border area. As a result the doers of illegal exploitation of natural resources especially in woods industry have moved the stone to get more advantages.
3. Legal assurance for those who work in development related to border area is a must. For example, Perum Perhutani (the government enterprises) that is assigned as

caretaker to manage IUPK (HPH) ex PT Yamaker in Kalimantan – Malaysia border based on decree of Ministry of Forestry No.3766/Kpts-II/1999 decree dated May 27<sup>th</sup>, 1999. Based on this decree the company has to rearrange the forest management with selective cutting system and basically a cross-country project and requires a cross – sectorial integration. Therefore, a higher level of legal umbrella is highly necessitated.

4. Management of protected areas across the country has not been integrated into bilateral cooperation between two countries. The existence Kayan Mentarang National Park is one example. KMNP covering of 1.35 million hectares area is located in the district of Malinau and Nunukan (northern East Kalimantan), and is bordered by Malaysia Sabah. This park is home to over 70 species of mammals, 315 species of birds and hundreds of other species.
5. Limited security points for trespassing visitors could lead to national threat due the intensity of illegal border crossers are relatively high.

Root of the border problems largely caused by economic disparities between the two countries. Indonesian communities in the border relatively lower socioeconomic conditions than those who the Malaysian border. The huge gap in infrastructure gap region between the two countries, it is more accessible to go to Malaysia compare to other regions within Indonesian area. These are the main factors that make Indonesian lives in Indonesian borders tends to cross to Malaysia and therefore improve local economy in Malaysian's border area.

The orientation of the community initially was limited only to the economic and social fields, but it is possible to shift to politics. This shifting probably occur when the economic life of border communities have economic dependence on neighboring countries. Insecurity in politics as such can happen, and can lower the dignity of the nation. Settlement of the border issue Indonesia in East Kalimantan thus should be started from the completion of the root problems in border communities. Economic inequality, facilities suspected to be the main drivers of this problem and should be settled to reduce economic and social disparities between the people of both countries. The steps are: 1) improve the lives and welfare of the community, and 2) improve the economic infrastructure.

## RESEARCH METHODS

This Research has carried out for six months (January-July) of 2012, using research survey techniques. The survey was conducted in 15 districts in East Kalimantan border. The subdistricts are Long Apari, Long Pahangai (West Kutai District), Kayan Hulu, Kayan Hilir, Pujungan, South Kayan, and Bahau Hulu (Malinau), Krayan, South Krayan, Lumbis, Nunukan, South Nunukan, Sebuksu, Sebatik, and Sebatik West (Nunukan).

Research activities in the border region has also supported by research in other areas such as:

1. A review of the international law aspects of the local and original products such as Adan rice, mountain salt and other commodities traded through cross-border between countries Indonesia and Malaysia.
2. Information technology, in the context of performance optimization of transportation system,
3. Development of transport infrastructure components,
4. Development of knowledge about economy. (Cost Economics, Economic Benefits, Social Economy, Green Economy), social, cultural, political and security in Indonesia.

## RESULTS

### Overview of the Border Region of Indonesia in East Kalimantan

There are two provinces in Indonesian area that bordered directly to the State of Sarawak (Malaysia), i.e. West Kalimantan and East Kalimantan. In total, the border line between two countries are around 1885.3 Km, 1,038 km of them is located in East Kalimantan Province and 847.3 Km are in West Kalimantan area. Within West Kalimantan itself there are five counties (14 sub districts), respectively Sambas, Bengkayang, Sanggau, Sintang and Kapuas Hulu. While in East Kalimantan they have 3 sub districts that adjacent with Malaysian area (15 sub districts and 273 villages). The districts are respectively Nunukan, Malinau and West Kutai regency.

Some of very isolated districts can only be reached by small airplane with a limited carrying capacity, such as Krayan, South Krayan (Nunukan), Kayan Hulu Subdistrict, South Kayan, Kayan Hilir, Bahau Hulu, and Pujungan (Malinau). Other districts, namely District Apari Long, Long Pahangai (West Kutai) is also isolated but still reachable by air and water transport. Water transportation in border area is very dangerous and expensive. Meanwhile, in West Nunukan, Sebatik, West Sebatik, Lumbis and Sebuku (Nunukan district) is a bit lucky because they are accessible both by land, water and air transportation. The total area of East Kalimantan border approximately 57,731 km<sup>2</sup> or 23.54% of the area of the East Kalimantan province, with Nunukan 12,128 km<sup>2</sup>, 36,692 km<sup>2</sup> in Malinau and West Kutai 8,911 km<sup>2</sup> (BPS Kaltim, 2012). Border districts in East Kalimantan is Apari Long, Long Pahangai (West Kutai District), Upper Kayan, Kayan Hilir, Pujungan, South Kayan, and Bahau Hulu (Malinau), Krayan, South Krayan, Lumbis, Nunukan, South Nunukan, Sebuku, Sebatik, and Sebatik West (Nunukan).

Border area in East Kalimantan in general is isolated in the means transportation and communication infrastructure. However, those are bordered by sea like Nunukan and have a better condition due to trading activities that have been done since long time ago with Tawao city.

Communities living in the border regions (especially in the district of Kutai Barat and Malinau) consisted mostly of sub-ethnic Dayak community (Kenyah, Oeheng, Bahau Busang, Kayan and Punan). These areas are very difficult to reach by public transport causing sub-ethnic community that is living in small groups and scattered. They also still untouched by development in education, health, as well as very less employment.

Based on the results of 2010 census, total population in the border region as many as 137,771 people, consisting of 73,593 men and 64,178 women. The population density is approximately 2.38 person/km<sup>2</sup>. In 2011 the population is increased by 162,198 persons. Male population is higher because most migrants come for work. The average density of population in the border region in 2011 increased from 2.38 person/km<sup>2</sup> in 2010 to 2.81 person/km<sup>2</sup> in 2011. Of the population, there are 38,518 households which means that in every family contains 4 members of the family.

The main livelihood of the local population in general relies on the results of traditional farming. Commodities produced are food crops, especially rice, in addition to forest products such roots of forest plants, honey, and wild animals. The results of agriculture, plantation, animal husbandry, fisheries, and others are mostly just intended to meet the needs of their own families. Limited access road that connects between the production centers to the vertices of the market economy or traditional make farmers cannot sell their productions. Certain areas that already have access road mostly sell their agricultural products to traders or middlemen and then sell it to Sarawak and Sabah (Malaysia). Other products such as bird

nests are often bartered for other goods to meet their family needs such as medicine or other necessities.

To improve the economic condition of people in border area, the government should build better infrastructure with studies in advance for good planning. Given the limited data and information, so it is urgent to do a comprehensive study of all aspects of life in the community.

### **Development of Infrastructure in the Border**

East Kalimantan border area has a heavy terrain like the mountains and hills with very steep slope. Wilderness is also became the biggest part of the border region. Kayan Mentarang National Park is lied here as a part of the wilderness. Some isolated districts in the border region needs special attention by opening access roads to connect to each other across the road called the North Road. Based on information obtained from the Department of Public Works that the North Road is in progress and the road construction has been concentrated on the south and central area, while the northern part (district of Malinau and West Kutai regency) remain untouched. Besides connecting the border area, the road that is started from Tanjung Selor - Malinau - Simanggaris - Border – Nunukan, play a significant role in economy of the people. However, the road development is only 20% or 132,55km with 69.10 Km dirt path and 63,45 Km pavement.

Lack of infrastructure in the border areas of East Kalimantan is marked also by the quality of access between poor villages. Road conditions in 273 villages in the border region are 134 villages with dirt path, 100 villages accessible by road and water, and the remaining 39 villages are only accessible by water. This suggests that most of the villages (50.90%) in the border in East Kalimantan are still dependent on water transport. Therefore, special attention during the transportation of water is not optimal needs to be improved.

Quality road has actually been improved, but it is still not good enough to support the activity of the people and mainly located in the border region of Malinau and West Kutai regency. In Malinau District troad are accessible in Kayan Hilir, Kayan Hulu and South Kayan. However in West Kutai mainly in Long Pahangai and Long Apari most roads are only dirt. In Nunukan, asphalt / concrete road has been reached five of the eight districts that are directly adjacent to the Sarawak-Sabah (Malaysia). Sebatik Lumbis districts and some have been in the asphalt concrete. Nevertheless there are still many dirt road found. Results of a survey conducted showed that the construction of the national road network that connects an area to another in East Kalimantan is concentrated in the south and central area, whilst the one in the north is still untouchable. The problem is that both of central and south areas are not the border, so that the region in the north (border area) remains to be dirt road. The main recommendation resulted in this study are:

- a. Improving infrastructure, in term of quantity, quality, and maintenance.
- b. Integrated transportation system, inter connection between transportation mode using national transportation system
- c. Inter connection in border area within three regencies i.e. Malinau, Nunukan and West Kutai. This also need to be in line with all the mean of transportation, airport in border areas such as Datah Dawai (at Long Lunuk–Long Pahangai West Kutai), Long Apung (at South Kayan, Mainau), and Long Bawan, Krayan (Nunukan).

Development of infrastructure has to prioritize on: (1) establish a holistic logistic system for local, regional and international in order to ensure the flow of goods and reduce transaction costs / high cost in the border region. (2) Increase the number of security check points and the

personnel involved to prevent illegal logging, illegal mining and others. (3). Reviewing the trading system between Indonesia – Malaysia in border area.

### **Developing Economy of People in the Border**

Livelihood of people in the border mostly support by agricultural activities as well as trading with 24 units of the market with permanent buildings and 14 units of group stores spread over 10 districts. Open markets are located in Lumbis as much as 533 units, and operate in weekly basis. Mini market is also existed but only exists in area with more population such as Nunukan. Cooperatives or small business credit facility is expected to be a solution to overcome the problems faced by fund small scale processing industries or households. This facility has reached down to the village so that it can be optimally utilized for this purpose. Furthermore with the absorption of this credit facility existing industry can thrive and support local economy. Credit facilities are already available in villages with various scheme i.e. small business loan in 16 villages, small loans in 17 villages obtain small loans, and 30 villages utilize other types of credit.

Utilization of natural resources in the border region, on the other hand is relatively untapped in a sustainable manner. Border region that stretched from the Southwest (Long Apari, West Kutai District) to the Northeast (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.

Based on the data from survey, 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 areas suitable for this mean are Apari Long, Long Pahangai, New Mahak, Long Nawang, Data Dian, Pujungan, Apau Ping, Long Wilt, Long Bawan, Labang, Mansalong , Sebuku, Simanggaris, Nunukan, and Sungai Pancang (Sebatik).

### **CONCLUSION**

Enhancing the development of border area, government should prioritize on:

1. Development infrastructure particularly in integrated transportation among areas in East Kalimantan.
2. Completion of the runway for Datar Dawai airport (in Long Lunuk-Long Pahangai West Kutai), Long Apung (in South Kayan Malinau), and Long Bawan, Krayan (NUNUKAN), as well as improving the quality of Long Nawang airport not later than 2014.
3. Development and determination of Logistics Systems that serve holistically in Local, Regional, National and International scope. The goal is to ensure the smooth flow of goods and reduce transaction costs/high cost in the border region.
4. increase the number of security check points and the personnel involved to prevent illegal logging, illegal mining and others
5. Reviewing the trading system between Indonesia – Malaysia in border area.
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