

The Impact on The Relocation of Ibu Kota Negara (IKN) Indonesia to The State of Sarawak

Muhammad Iqbal Ismail^{1*} , Nur Aida Kipli² 
Ahmad Shah Pakeer Mohamed³ 

¹Fakulti Sains Pentadbiran & Pengajian Polisi (FSPPP), Universiti Teknologi MARA (UiTM), 40450 Shah Alam, Selangor, Malaysia.

Email: 2023586461@student.uitm.edu.my

²Fakulti Sains Pentadbiran & Pengajian Polisi (FSPPP), Universiti Teknologi MARA (UiTM) Cawangan Sarawak, 94300 Kota Samarahan, Sarawak Malaysia.

Email: aidan@uitm.edu.my

³Fakulti Sains Pentadbiran & Pengajian Polisi (FSPPP), Universiti Teknologi MARA (UiTM), 70300 Seremban, Negeri Sembilan, Malaysia.

Email: ahmad7243@uitm.edu.my

ABSTRACT

The relocation of the capital city from Jakarta to Kalimantan signifies a significant milestone in the historical trajectory of Indonesia, exemplifying a strategic choice that carries extensive implications. The present ambitious undertaking, motivated by the imperative of achieving sustainable growth and mitigating the issue of congestion in the existing capital, gives rise to inquiries regarding its prospective ramifications on adjacent areas. The possibility of an impact on Sarawak, a Malaysian state located within a short distance of the planned new capital, is of significant importance. The main objective of this study is to analyze and explain the economic sectors involved in the migration of Jakarta to Sarawak, with a specific emphasis on industries. An extensive analysis is required to understand the potential impact of the capital move on regional dynamics, trade patterns, and socio-economic landscapes, given the close geographical proximity between Sarawak and the new capital. This study is an exploratory study from primary sources. It carries out an analysis through reference to official documents, especially on national policy, official reports, and official statements involving Sarawak and all relevant agencies. This research gives valuable insights into the various aspects of the relocation process, providing an important contribution to the broader academic discourse on regional growth and the potential cross-border consequences. This study seeks to provide valuable insights for policymakers, urban planners, and stakeholders in Indonesia and Malaysia as they navigate the transformative processes associated with the move of capital.

CORRESPONDING

AUTHOR (*):

Muhammad Iqbal Ismail
(2023586461@student.uitm.edu.my)

KEYWORDS:

Ibu Kota Negara (IKN)
Indonesia
National Policy
State of Sarawak

CITATION:

Muhammad Iqbal Ismail, Nur Aida Kipli, & Ahmad Shah Pakeer Mohamed. (2024). The Impact on The Relocation of Ibu Kota Negara (IKN) Indonesia to The State of Sarawak. *Malaysian Journal of Social Sciences and Humanities (MJSSH)*, 9(3), e002772.
<https://doi.org/10.47405/mjssh.v9i3.2773>

Contribution/Originality: This study examines the potential Sarawak's economic sectors such as trade, medical and business which can be affected by Jakarta's capital relocation to Kalimantan.

1. Introduction

In most advanced democratic countries, the conduct of by-elections is an integral part in On August 19, 2019, President Joko Widodo of Indonesia made an official announcement in Parliament on the relocation of the country's capital city, Jakarta, to the region of Kalimantan (Gulasan et al., 2023). The proposed initiative is estimated to have a total cost of 466 trillion rupiah (\$32.79 billion), with the government planning to allocate 20% of the funding, while the remaining amount would be sourced through public-private partnerships and private investment (CNBC, 2019; Jacob, 2023; Gulasan et al., 2023). The relocation distance from Jakarta to Ibu Kota Negara (IKN) Nusantara in Penajam Paser Utara measures around 2,133.9 kilometres. The geographical separation between Kuala Lumpur, the capital of Malaysia, and Putrajaya is around 34 kilometres, representing a notable disparity in the distance. According to Akmal (2022), the overall area of IKN is 324.332 hectares, with 256.142 hectares being land and 68.188 hectares including aquatic bodies (Yofa et al., 2023).

The operations for Ibu Kota Negara (IKN) Nusantara started in 2022, and the official launch will commence on 17 August 2024 (Yofa et al., 2023). It is anticipated that around 17,000 individuals from various sectors, including the Indonesian Civil Service, will be relocated. In terms of population estimation, it is projected that IKN Nusantara will experience a gradual growth in the number of individuals during the specified periods. The relocation of the capital of Indonesia to Kalimantan will indirectly have an impact on Malaysia, in particular the state of Sarawak, because the state of Sarawak shares the longest border, which is the land border with Indonesia, where it facilitates the movement of people from both countries. Malaysia needs to be prepared to face any threat at any time because the relocation of the national capital will cause more people to move to the Kalimantan area.

The border separating Sarawak and West Kalimantan has experienced a range of security problems, encompassing both conventional and unconventional threats. According to Djuyandi et al. (2023), conventional security concerns include territorial invasions, whereas non-conventional dangers include economic issues, illicit drug trafficking, and identity crises. According to Sudagung (2021), the Indonesian government has adopted strategies to solve these obstacles, such as fortifying the border, promoting political nationalism, and tackling societal security issues.

Another rationale for the relocation of Jakarta to Kalimantan Timur is its ongoing pace of urbanization and industrialization, which will spill over to the neighbouring border. The state of Sarawak can be considered a buffer zone for the Kalimantan Region. Whatever happens in the Kalimantan region will surely affect the state of Sarawak. Indirectly, this matter will have a maximum effect on the economic spillover in Sarawak. The effect of this IKN will also open a new competitive space from the point of view of newly emerging industries such as the tourism industry, medical industry, and also the trade industry. This is because these three economic industries will provide high returns to the state of Sarawak when this IKN will be operating later.

In terms of economic impact, Sarawak has already taken the lead in investing in Kalimantan, particularly in the development of a hydroelectric project. However, there is a significant lack of focused studies specifically examining the impact on Sarawak, which creates the importance of this research. According to [Syaban and Appiah-Opoku \(2023\)](#), the existing research studies the broader effects of the relocation of Jakarta to Kalimantan on the economic development of the region and its capacity for increased economic involvement. Nevertheless, a detailed analysis of the economic implications of moving the capital to Kalimantan is difficult to come across. This study is very important as it examines the impact of relocating Jakarta to Kalimantan and the development of Ibu Kota Negara (IKN) Nusantara, particularly in the context of Sarawak. The research aims to identify potential effects that the Malaysian government, particularly the Sarawak government, could strategically utilize in regard to the development of the new capital city in Indonesia. Although IKN Nusantara has planned to take 23 years to its full establishment, this study aims to identify the particular factors and sectors that can bring significant benefits to the state of Sarawak.

1.1. Research Objectives

The primary objective of this research is to analyze the relocation of Jakarta to Kalimantan and its impact on the state of Sarawak. To specify, this research demonstrates several objectives that can be achieved, as follows:

- i. To explore the advantages of developing a smart city/ forest city in Ibu Kota Negara (IKN) for the state of Sarawak.
- ii. To identify the potential/significant economic sectors that contribute to the economic growth of state of Sarawak.
- iii. To scrutinize the security issues and challenges following the development of IKN Nusantara for the state of Sarawak.

1.2. Research Questions

The relocation of Jakarta to Kalimantan plays a big role in making sure that the development of IKN Nusantara benefits Sarawak. Hence, the purpose of this study is to investigate the responses to the three primary research questions that have been posed, which are as follows:

- i. What are the advantages of developing a smart city/forest city in IKN for the state of Sarawak?
- ii. What are the economic sectors contributing to the economic growth in the state of Sarawak?
- iii. What are the challenges of developing Ibu Kota Negara (IKN) Nusantara for the security of the state of Sarawak?

2. Literature Review

2.1 Evolution of Bilateral Relationship between Malaysia and Indonesia

The bilateral relationship between Malaysia and Indonesia has experienced substantial transformations both prior to and following the key year of 1965, which witnessed a shift from conflict to collaboration. According to [Silva & Lai \(2021\)](#), before 1965, the relations between the two countries were marked by hate and conflict, mostly driven by domestic political factors and global Cold War pressures. The Indonesian Revolution of 1965, which

resulted in the establishment of the "New Order" government led by President Suharto, marked the beginning of a new phase in the diplomatic ties between the two countries. After 1965, there was a significant shift towards friendship, unity, and collaboration, as both countries actively participated in collaborations that strengthened regional stability and led to the establishment of ASEAN in 1967. This development highlights the impact of local political shifts, foreign alliances, and the strategic significance of promoting favourable ties amongst states in Southeast Asia. The stability of the relationship has been enhanced by the development of frequent bilateral dialogue and exchanges, as well as mutual participation in multilateral organizations such as ASEAN, ARF, AFTA, and APEC (Silva & Lai, 2021). Furthermore, the presence of various religious and cultural backgrounds in both nations has also influenced the development of their relationship since then.

2.2. Strategic Shifts and National Aspirations: The Relocation of Indonesia's Capital from Jakarta to Kalimantan

The historical development and progression of Indonesia's capital city have been characterized by significant transformations, which mirror the nation's ever-changing political and natural terrain. Originally, Jakarta was selected as the capital after achieving independence in 1945. However, due to the impact of the Dutch colonial era and security considerations, it was temporarily moved to Yogyakarta under the supervision of Sultan Hamengku Buwono IX (Octaleny, 2022). This action was a component of the endeavour for self-governance and steadfastness. Subsequently, Jakarta was reinstated as the capital, solidifying its status through legislative measures in the 1960s. Over the years, concerns such as traffic congestion, environmental pollution, and susceptibility to natural disasters have sparked deliberations about moving the location. These debates have been placed under many administrations, notably those led by Presidents Soeharto and Susilo Bambang Yudhoyono (Octaleny, 2022).

The relocation of the capital to East Kalimantan, as decided by President Joko Widodo in 2019, demonstrates a deliberate and tactical move to relieve the burden on Jakarta and foster equitable development across the nation. The objective of this action is to tackle the urban difficulties faced by Jakarta and establish a more sustainable capital in a central location. This will involve utilizing the potential of Kalimantan while also addressing its environmental issues (Medina, 2022).

The capital city of Indonesia has seen several changes since the state's establishment. After Indonesia gained independence in 1945, Jakarta was officially chosen as the country's capital city. Nevertheless, the administration experienced early challenges in successfully running the nation. In order to retain continuous control over Indonesia, the Dutch colonizers forced the Indonesian government to transfer its administrative centre to Yogyakarta (Octaleny, 2022). The migration took place due to the uncertain security situation in Jakarta. The relocation from Jakarta to Yogyakarta was determined upon the guidance of Sultan Hamengku Buwono IX (Hutapea, 2020).

The capital of Indonesia was secretly moved to Yogyakarta on January 4, 1946 (Kurniadi, 2009; Weinstein, 2007). In 1950, the decision was made to declare Yogyakarta as a state capital in order to establish a strong state within the Republic of Indonesia (Octaleny, 2022). The relocation of the Indonesian capital from Jakarta to Yogyakarta occurred five months subsequent to the declaration of independence (Weinstein, 2007). The Dutch soldiers, along with their allies, returned to Indonesia with the objective of recapturing

Jakarta (Keil, 2021). They accomplished this goal on September 29, 1945 (Siong, 2001). The process of attaining autonomy did not progress as smoothly as intended. In January 1946, Sultan Hamengku Buwono IX sent an envoy to Jakarta with the proposition of moving the capital city to Yogyakarta (Hutapea, 2020).

Soekarno eagerly accepted the exceptional plan and made the necessary arrangements to achieve freedom (Lessmeister, 2012). However, the decision to move the capital to Yogyakarta was only a temporary solution because the city could not accommodate the size of a capital city (Thuy, 2017). As a result, the government centre was subsequently relocated to Bukit Tinggi, situated in West Sumatra. This transfer incident occurred in 1949 (Aldilla & Michael, 2022). This movement was brought about by the Dutch authorities' arrest and subsequent removal of Soekarno and Hatta from Java (Stagg, 1972). Following this episode, Soekarno and Hatta entrusted their trust in Sjafruddin Prawiranegara, who was situated in Bukit Tinggi, to establish an interim administration in Sumatra (Fatgehipon, 2017). Jakarta was officially designated as the capital city of Indonesia in 1961, as stated in Presidential Regulation No. 2 of 1961 and further supported by Law No. 10 of 1964. Jakarta was formally declared as the capital city of Indonesia by the implementation of this legislation (Medina, 2022).

Domestic issues mostly influenced the decision to transfer the capital under President Soeharto's tenure. The unsuitability of Jakarta as the capital demanded the creation of a new city capable of accommodating government activities while preserving Jakarta's position as the centre of the national economy. Presidential Decree No. 1 of 1997, issued by former President Suharto, aimed to develop the Jonggol area in West Java into a self-governing metropolis with the intention of establishing it as the new capital (Medina, 2022). During Susilo Bambang Yudhoyono's administration, the possibility of moving to the capital city was also taken into account. The deliberation over the transfer to Jakarta began in February 2007 and also did not succeed.

Jakarta has been viewed as incapable of resolving the problems of flooding and traffic congestion, which presents a threat to Jakarta's role as the nation's capital (Calljow et al., 2005; Yudhistira et al., 2016). In early September 2010, a small team was formed to assess the concept of moving the capital of the country (Octaleny, 2022). The group's team produced three ideas in the following manner: (1) Maintain Jakarta as the capital of the country and resolve all arising problems in the city (Octaleny, 2022); (2) Move the government centre from Jakarta to another city on the island of Java, while retaining Jakarta as the national capital (Pratiwi, 2022); (3) Shift both the government centre and the national capital to a city outside of Java, with Jakarta exclusively functioning as a business hub (Syaban & Appiah-Opoku, 2023). President Joko Widodo had a similar idea. He contended that it was imperative to build a separate administrative headquarters outside of Java, detached from the central economic core of the nation (Medina, 2022).

On Monday, 26 August 2019, President Joko Widodo announced that Indonesia's new capital will be situated in East Kalimantan Province, which is the Indonesian region surrounding the island of Borneo Jakarta (Maulia, 2019). The individual highlighted the need to reduce the strain on Jakarta and the entire Java Island while also promoting economic development in other parts of the Indonesian nation. The upcoming capital will be situated in the province of East Kalimantan, specifically between the districts of Penajam Paser Utara and Kutai Kartanegara. The administration had earlier indicated its consideration of a site near Balikpapan and Samarinda, the principal urban centres in the

province, both of which are situated at a distance of two hours by air from Jakarta (Maulia, 2019).

2.3. The Concept of Economic Theory on the Sarawak's Growth

The application of economic theories has been extended to other facets of Sarawak's development, encompassing population growth, financial literacy, and land tenure. The research project conducted by Furuoka (2014) investigated the correlation between population growth and economic development in Sarawak, Malaysia. The findings revealed that there is no statistically significant long-term association between the two factors. However, a causal relationship was observed, indicating that the expansion of income leads to an increase in population.

A study conducted in Sarawak examined the impact of ethnicity, gender, and parental financial socialization on the financial knowledge of Generation Z individuals (Wee & Goy, 2022). The findings indicate that first-year university students have a low level of financial knowledge. Male respondents performed better than their female counterparts, and parental financial socialization emerged as the primary source of financial knowledge. The study analyzes the development of land ownership in Sarawak, focusing on the institutionalist viewpoint. It explores economic theories that explain the evolution of land tenure and customary land ownership in the region (Cramb, 1993).

The study empirically examined the correlation and causation relationship between tourist arrivals and economic growth in Sarawak, focusing on their movements (Lau et al., 2008). The article examines the transition of exploitative land-based economies in the Malaysian and Indonesian sections of Borneo, particularly Sarawak (Lau et al., 2008). These studies exemplify the utilization of many economic theories in analyzing the situation of Sarawak, offering a valuable understanding of the intricate connections among population, financial literacy, land tenure, and economic progress in the area (Goh, 2020).

3. Research Methods

3.1 Research Design and Sampling

Qualitative research methods are used with a focus on data collection through document and library research. Overall, this study is an investigative analysis that mostly depends on primary sources, particularly government papers pertaining to national military policy, logistics, inventory, and official reports. It also considers public remarks from agencies involved in international relations. The researcher selected this strategy in order to acquire detailed and thorough information from the participants. This study will employ two data collection approaches, specifically primary data, which entails conducting interviews with informants relevant to the research inquiry. Secondary data refers to information that is obtained from printed or non-printed sources, regardless of whether they are published or not. These sources can include books, journals, newspaper clippings, written reports, periodicals, and bulletins produced by a ministry.

Fossey et al. (2002) say that excellent qualitative research involves the researcher actively seeking to comprehend the subject, activity, and social situation from their perspective. The acquired data and information will undergo processing and analysis utilizing content analysis techniques. The data gathered from the interview process will be organized in a thematic sequence based on the established goals and research questions. Additionally,

primary data will be collected to gather information about the relocation of Jakarta to Kalimantan and to identify the impact and challenges faced by Sarawak, Malaysia. Furthermore, sources of information such as internet connectivity and electronic data will also be utilized.

3.2. Thematic Analysis

Thematic analysis is an approach to analysis that focuses on themes (Pamungkas & Haptari, 2022). Liamputtong (2019) defines thematic analysis as themes perceived, as well as by many others, as expressions of a systematic arrangement of collective significance structured around a fundamental thought or idea, a crucial organizing principle. The analysis occurred by condensing the author's diverse qualitative material acquired during the coding procedure. The writer uses deductive code source analysis, whereby an initial set of codes is prepared prior to coding the data (Pamungkas & Haptari, 2022).

4. Results

4.1. Spill Over Effect on The Regional Development in The Context of The Economy in Sarawak

Sarawak, a constituent state of Malaysia, has implemented three regional development agencies with the aim of promoting infrastructure and socio-economic advancement in the Sarawak Corridor of Renewable Energy (SCORE) region. These agencies aim to improve undeveloped rural areas by providing road connectivity, water and electricity supplies, and facilitating land development and investment opportunities. The entities involve:

- i. The Upper Rajang Development Agency (URDA)
- ii. The Highland Development Agency (HDA)
- iii. The Northern Region Development Agency (NRDA)

URDA concentrates on the regions of Kapit, Kanowit, Song, Belaga, and Bukit Mabong. HDA concentrates its efforts on specific regions, namely Bario, Mulu, and Long Lama. NRDA specifically targets the northern region encompassing Limbang and Lawas (Regional Corridor Development Authority [RECODA], 2022). The primary objective of these agencies is to attract investors, generate employment prospects, and enhance the quality of life for local communities (Tuah, 2022).

The Economy of Sarawak mostly relies on its abundant natural resources, such as petroleum, natural gas, timber, and palm oil. The state's primary exports are crude petroleum, liquefied natural gas, palm oil, and sawn timber (RECODA, 2021; RECODA, 2022; Furuoka, 2014). The Sarawak government has implemented economic measures to attract investors, including offering tax benefits and simplifying company regulations (Furuoka, 2014; Business Event Sarawak, 2023). The Ministry of Economy is responsible for supervising the progress of agriculture and rural economy in Sarawak. Their main objective is to make the sector more commercialized by fostering stronger collaborations with global, domestic, and community entities. This approach is guided by the use of data and innovation (Business Event Sarawak, 2023).

The Sarawak government aims to achieve a high-income status and develop an advanced economy by 2030 (Business Event Sarawak, 2023). The state's economic growth has

resulted in positive consequences, including upgraded infrastructure, expanded job prospects, improved quality of life, and sustainable utilization of natural resources (Furuoka, 2014).

4.2 Tourism Industry Impact in The State of Sarawak

Tourism plays an important part in the Association of Southeast Asian Nations (ASEAN), making a substantial contribution to economic expansion, employment generation, and cultural interchange. ASEAN member nations have been actively advocating for the advancement of sustainable tourism development, resulting in a consistent growth in both visitor arrivals and revenue within the area. The primary objective of the ASEAN Tourism Strategic Plan 2016-2025 is to bolster regional collaboration, augment competitiveness, and raise the calibre of tourism offerings and amenities (Chin et al., 2017).

Sarawak provides a distinctive combination of beautiful natural landscapes, a rich cultural legacy, and exhilarating tourism activities. The state harbours a wide range of ecosystems, including rainforests, mountains, and rivers, which attract environmentalists and eco-tourists. The cultural legacy of Sarawak, which covers indigenous populations and traditional festivals, offers a fascinating peek into the history and province.

The tourism sector in Sarawak has shown consistent growth, primarily emphasizing rural tourism, cultural tourism, and ecotourism. The Sarawak Cultural Village exemplifies the various ethnic groups and their traditions in the state, offering tourists an authentic cultural encounter. The Mulu Caves and Niah Caves, both natural wonders in the state, have been designated as UNESCO World Heritage Sites, attracting tourists from all over the globe.

The Sarawak government introduced a range of policies and efforts to bolster the tourism industry. One such measure is the Sarawak Tourism Action Plan 2016-2025, which seeks to augment tourist arrivals and revenue, upgrade infrastructure, and raise the calibre of tourism offerings and services. The state has further allocated resources towards the development of rural tourism attractions, such as Kampung Semadang – Borneo Heights, with the aim of generating long-lasting economic prospects for local communities (Chin et al., 2017).

As per the Sarawak Tourism Board, almost 10 million tourists visited the state in 2019, with a significant increase in the number of international visitors. Sarawak's tourist sector makes up approximately 10% of the region's gross domestic product (GDP) and provides employment for more than 100,000 individuals. The Sarawak Tourism Board has been actively promoting the tourism products and services of the state through several marketing initiatives and collaborations with travel agencies and airlines (Abdul Ghani et al., 2023).

Tourism is crucial for fostering economic growth, generating employment opportunities, and facilitating cultural interchange. It plays a role in conserving cultural heritage, facilitates mutual comprehension among other cultures, and supports sustainable development. Tourism in Sarawak has played a crucial role in generating economic prospects for local populations, safeguarding cultural legacy, and advancing environmental preservation.

To summarize, tourism plays a crucial role in the ASEAN region, and Sarawak stands out as a captivating destination that provides a distinct combination of scenic splendour, cultural legacy, and thrilling adventure opportunities. The Sarawak government has enacted a range of policies and measures to bolster the tourism sector, resulting in consistent growth in both the number of tourists visiting the state and the money generated. According to tourism data, the tourism industry makes a substantial contribution to Sarawak's economy and employment. Additionally, it plays a crucial role in conserving cultural heritage, facilitating cultural exchange, and supporting sustainable development.

4.3. Medical Tourism Industry Impact In The State Of Sarawak

Sarawak provides a solid medical system that includes a comprehensive network of both public and private hospitals and clinics. The Malaysian government has been allocating funds towards enhancing healthcare infrastructure, specifically in remote regions, with the aim of enhancing the availability of medical services to all individuals (Robert, 2022). The healthcare system in Sarawak is mainly public, with the Sarawak General Hospital (SGH) acting as the primary referral hospital for the state. The Sarawak government has been seeking to enhance healthcare infrastructure by constructing new hospitals and clinics (Robert, 2022).

Sarawak and Indonesia have both participated in the field of medical tourism. Indonesians have been seeking medical treatment in neighbouring countries, such as Sarawak, for several reasons, including the presence of healthcare services, specialized medical expertise, patient-focused care, affordability, and religious and socio-cultural considerations (Asa et al., 2024). Sarawak has shown a strong interest in promoting medical tourism with Indonesia, acknowledging the potential for growth in healthcare services and tourism prospects (Dayak Daily, 2022).

Indonesian citizens have been travelling to Sarawak to receive medical care for a variety of reasons, such as the unavailability of specific therapies in their nation, the scarcity of medical specialists, and the absence of skilled doctors in remote areas of Indonesia (Asa et al., 2024). Indonesian patients constitute around 84% of all foreign patients in Sarawak, making them the majority of foreign patients in the region (Ormond & Sulianti, 2012).

In an effort to tackle the problem of medical tourism, the Indonesian government has embarked on initiatives to construct additional private hospitals and explore new markets. However, these measures have not effectively resolved deeper systemic challenges within the Indonesian healthcare system, including inadequate government funding for healthcare, a scarcity of specialists, and a prevailing lack of trust in doctors and medications (Ormond & Sulianti, 2012).

Sarawak has positioned itself as a medical tourism destination, providing a distinctive combination of high-quality healthcare and tourism prospects (Chee et al., 2019). The Sarawak Tourism Board has arranged familiarization excursions for travel agents from Indonesia, Brunei, and Singapore to explore the healthcare and tourism opportunities in Sarawak (Dayak Daily, 2022).

To summarize, Sarawak and Indonesia have a record of engaging in medical tourism. Sarawak aims to enhance its medical tourism services for Indonesian patients, while Indonesia aims to tackle structural problems within its healthcare system.

4.4 Trade Industry Impact in The State of Sarawak

Sarawak is a rich territory with valuable resources, especially exporting timber, oil, and gas. The state is well-known for its agricultural commodities, including rubber, palm oil, and cocoa. Sarawak's trade predominantly involves its neighbouring nations, including Indonesia, Singapore, and Thailand, in addition to China and Japan. Petroleum and petroleum products dominate the state's commerce with Indonesia and Singapore, although trade with Thailand includes a wider range of commodities like rubber, palm oil, and timber ([Aggaral, 2022](#); [Chandra et al., 2016](#)).

The search results lack precise information regarding trade border difficulties in Sarawak. Regarding border trade, it is worth noting that Sarawak has borders with Indonesia and Brunei. This geographical location presents an opportunity to enhance economic relations with these two countries. The Malaysian government has been actively advocating for border trade measures in order to boost economic development in the region ([Chandra et al., 2016](#)). Sarawak's trade is anticipated to expand persistently, propelled by its abundant natural resources and agricultural commodities, in accordance with recent trends in the area. The state is anticipated to gain advantages from the Belt and Road Initiative (BRI) and other regional trade agreements, perhaps resulting in amplified trade with adjacent nations and beyond ([Endress & Radke, 2018](#)).

Sarawak's trade is anticipated to be impacted by global phenomena, including the decarbonization of the economy and the shift towards renewable energy sources. Trade partners of the state may adopt carbon pricing schemes and other regulations to decrease greenhouse gas emissions, thereby affecting Sarawak's trade in fossil fuels and other items with high carbon content ([Lysunets, 2023](#)).

To summarize, Sarawak's trade is predominantly propelled by its rich natural resources and agricultural commodities, which are extensively exported to neighbouring nations and abroad. The state is anticipated to gain advantages from regional trade agreements and worldwide trends, such as the process of reducing carbon emissions in the economy.

5. Conclusion

Sarawak is a constituent region of Malaysia, having been incorporated into the Malaysian federation in 1963, with Sabah and Singapore (which eventually seceded to form an independent nation) ([Abdullah et al., 2022](#)). Sarawak is situated on the island of Borneo and has a border with Indonesia's West Kalimantan province ([Santosa et al., 2021](#); [Sudagung, 2021](#)). The border separating Sarawak and West Kalimantan has experienced a range of security problems, encompassing both conventional and unconventional threats. Conventional security concerns include territorial invasions, whereas non-conventional dangers include economic issues, illicit drug trafficking, and identity crises ([Djuyandi et al., 2023](#)). The Indonesian government has adopted strategies to solve these obstacles, such as strengthening the boundary, promoting political nationalism, and tackling societal security issues ([Sudagung, 2021](#)).

The Malaysian government has exhibited a strong dedication to regional development and security, as shown by the Twelfth Malaysia Plan (RMK12, 2021–2025). This plan places significant emphasis on urban and regional planning in order to establish national development policies and strategies. The plan prioritizes the Klang Valley and Sabah and Sarawak, demonstrating the government's intention to exploit the economic

opportunities in these areas and address the disparity in growth between Peninsular Malaysia and Sabah and Sarawak (Abdullah et al., 2022).

The 2023 maritime boundary agreement between Indonesia and Malaysia exemplifies Malaysia's emphasis on security and regional dynamics in Southeast Asia (Fauzil & Burhanuddin, 2023). This agreement has the potential to influence the interactions and relationships among countries in Southeast Asia, with a particular emphasis on the important roles played by Indonesia and Malaysia in maintaining security in the maritime domain and driving economic progress in the area (Fauzil & Burhanuddin, 2023).

To summarize, Sarawak is a Malaysian territory that borders Indonesia's West Kalimantan province. The Malaysian government has shown a strong dedication to regional development and security through a range of projects and policies.

Acknowledgement

Part of this article is taken from a Research Project for a Master Programme.

Funding

This study received no funding.

Conflict of Interest

The authors reported no conflicts of interest for this work and declare that there is no potential conflict of interest with respect to the research, authorship, or publication of this

References

- Abdullah, J., Zanudin, K. & Marzukhi, M. A. (2022, November 30). Twelfth Malaysia Plan: Prospective Impacts on Urban and Regional Development. *Planning Malaysia*, 20. <https://doi.org/10.21837/pm.v20i23.1170>.
- Abdul Ghani, M. S. A., Wan Shamsuddin, S. N., Rahim, N., Kuan, H. T. & Kiffli, S. (2023, December 1). A Case Study of The Sarawak Cultural Village (Scv) Application: An Evaluation of User Perception of Scv Application. *The Sarawak Museum Journal*, lxxxvi(107), 33–50. <https://doi.org/10.61507/smj22-2023-su56-03>
- Aggaral, A. (2022). *Special Economic Zones in the Indonesia–Malaysia–Thailand Growth Triangle Opportunities for Collaboration*. Asian Development Bank.
- Akmal, J. (2022, January 23). Kalau IKN Pindah ke Kaltim, Predikat Jakarta Bisa Diganti Jadi KBJ. *Republik Merdeka*. <https://politik.rmol.id/read/2022/01/23/520554/kalau-ikn-pindah-kekaltim-predikat-jakarta-bisa-diganti-jadi-kbj>.
- Aldilla, M. R. & Michael, T. (2022). Impact of Moving the New Capital to Kalimantan. *Jurnal Abdikarya : Jurnal Karya Pengabdian Dosen dan Mahasiswa*, 5(1), 58-65.
- Asa, G. A., Fauk, N. K., McLean, C. & Ward, P. R. (2024, January 10). Medical Tourism Among Indonesians: A Scoping Review. *BMC Health Services Research*, 24(1). <https://doi.org/10.1186/s12913-023-10528-1>.
- Business Event Sarawak (2023, August 30). Sarawak's Post COVID-19 Development Strategy 2030. Business Events Sarawak. *Business Events Sarawak*.

- <https://businesseventssarawak.com/about-sarawak/sarawaks-7-key-focus-areas/>.
- Calljow, M., Nas, P. J. M. & Pratiwo (2005). Flooding in Jakarta Towards a Blue City with Improved Water Management. *Bijdragen tot de Taal-Land-en Volkenkunde (BKI)* 161(4), 454-484.
- Chandra, V., Kim, J. J., Benbrook, D. M., Dwivedi, A. & Rai, R. (2016). Therapeutic Options for Management of Endometrial Hyperplasia. *Journal of Gynecologic Oncology*, 27(1), e8.
- Chee, H. L., Whittaker, A., & Por, H. H. (2019). Sociality and transnational social space in the making of medical tourism: local actors and Indonesian patients in Malaysia. *Mobilities*, 14(1), 87-102.
- Chin, C. H., Thian, S. S. Z. & Lo, M. C. (2017, June 19). Community's Experiential Knowledge on the Development of Rural Tourism Competitive Advantage: A Study on Kampung Semadang – Borneo Heights, Sarawak. *Tourism Review*, 72(2), 238–260. <https://doi.org/10.1108/tr-12-2016-0056>.
- CNBC (2019, August 26). Indonesian president announces site of new capital on Borneo island. *CNBC*. <https://www.cnbc.com/2019/08/26/indonesia-president-jokowi-new-capital-on-east-kalimantan-borneo.html>.
- Cramb, R. A. (1993). The Evolution of Property Rights to Land in Sarawak: An Institutional Perspective. *AgEcon Search*. <https://doi.org/10.22004/ag.econ.9588>.
- Dayak Daily. (2022, September 30). Sarawak Keen on Advancing Medical Tourism with Indonesia. *Dayak Daily*. <https://dayakdaily.com/sarawak-keen-on-advancing-medical-tourism-with-indonesia/>.
- Djuyandi, Y., Husin, L. H., Ummah, M., Iriansyah, M. N. & Ramadhani, R. (2023, March 10). Re-Defining Threat to National Defense: Case Study of Indonesia-Malaysia Border Dispute in West Kalimantan. *Journal of Namibian Studies: History Politics Culture*, 33, 851-865.
- Endress, A. & Radke, V. (2018). *Economics for Environmental Studies: A Strategic Guide to Micro and Macroeconomics*. Springer Texts in Business and Economics (STBE).
- Fatgehipon, A. H. (2017). History of Indonesian Military Role in the Era of Independence Revolution, 1945-1950. *International Journal for Historical Studies*, 8(2), 217-228.
- Fauzil, M. Y. & Burhanuddin, A. (2023, December 13). Prospek Hubungan Maritim Indonesia – Malaysia Pasca Kesepakatan Batas Laut 2023. *Eksekusi: Jurnal Ilmu Hukum Dan Administrasi Negara*, 2(1), 199–209. <https://doi.org/10.55606/eksekusi.v2i1.864>.
- Fossey, E., Harvey, C., Mcdermott, F., & Davidson, L. (2002, December). Understanding and Evaluating Qualitative Research. *Australian & New Zealand Journal of Psychiatry*, 36(6), 717–732. <https://doi.org/10.1046/j.1440-1614.2002.01100.x>.
- Furuoka, F. (2014, December 9). Economic Development in Sarawak, Malaysia: An Overview. *Munich Personal RePEc Archive*, 60477, 1-14.
- Goh, C. S. (2020, March). Transforming Exploitative Land-based Economy: The Case of Borneo. *Environmental Development*, 33, 100487. <https://doi.org/10.1016/j.envdev.2019.100487>.
- Gulasan, A., Maraining, A., Dollah, R. & Mohd Radzi, M. (Ed.). (2023). *Perpindahan Ibu Kota Indonesia ke Kalimantan Implikasi keatas Negeri Sabah, Malaysia*. 2nd Ed, Penerbit Universiti Malaysia Sabah.
- Hutapea, P. (2020). In chasing the status as the Province of Jakarta Special Region after the movement of the capital city to East Kalimantan Province. *Monas: Jurnal Inovasi Aparatur*, 2(1), 135–144. <https://doi.org/10.54849/monas.v2i1.23>

- Jacob, C. (2023, August 27). Indonesia is Moving its Capital from Jakarta to Nusantara. Here's Why it Won't be So Easy. *CNBC*. <https://www.cnbc.com/2023/08/28/indonesia-to-move-capital-from-jakarta-to-nusantara-but-it-wont-be-easy.html>.
- Keil, J. (2021). The Hypocrisy of Dutch Actions in Indonesia. *Asian Research Journal of Arts & Social Sciences*, 15(2), 8-23.
- Kurniadi, B. D. (2009). Yogyakarta in Decentralized Indonesia: Integrating Traditional Institution in Democratic Transitions. *Jurnal Ilmu Sosial dan Ilmu Politik*, 13(2), 190-203.
- Lau, E., Oh, S. L. & Hu, S. S. (2008, August 6). *Tourist Arrivals and Economic Growth in Sarawak*. MPRA Paper.
- Lessmeister, I. V. (2012). *Between Colonialism and Cold War: The Indonesian War of Independence in World Politics, 1945-1949*. Cornell University.
- Liamputtong, P. (2019, January 1). *Handbook of Research Methods in Health Social Sciences*. Springer. http://books.google.ie/books?id=1LdBygEACAAJ&dq=ISBN+978-981-10-5252-1&hl=&cd=1&source=gbs_api.
- Lysunets, M. V. (2023). Carbon Pricing as a Tool for Cross-Border Carbon Regulation and "Green" Transformation of the Global Economy. *The World of New Economy*, 17(2), 27-36.
- Maulia, E. (2019, August 26). Jokowi Announces Indonesia's New Capital in East Kalimantan. *NIKKEI Asia*. <https://asia.nikkei.com/Politics/Jokowi-announces-Indonesia-s-new-capital-in-East-Kalimantan>
- Silva, M. D. & Lai, Y. M. (2021). The roots and evolution of nationalism in Indonesia. *AKADEMIKA - Journal of Southeast Asia Social Sciences and Humanities*, 91, 93-104.
- Medina, A. F. (2022, January 25). Indonesia Passes Bill to Build New Capital City: Deadline 2024. *ASEAN Briefing*. <https://www.aseanbriefing.com/news/indonesia-passes-bill-to-build-new-capital-city-deadline-2024/>.
- Octaleny, E. (2022). Moving The Capital of Indonesia in A Decentralization Perspective. In *Proceedings of the 7th International Conference on Social and Political Sciences (ICoSaPS 2022)* (pp. 177-181). https://doi.org/10.2991/978-2-494069-77-0_24
- Ormond, M. & Sulianti, D. (2012, February 28). *Responding to the Cross-border Pursuit of Health Care in East Malaysia*. <https://edepot.wur.nl/231822>
- Pamungkas, B. N. & Haptari, V. D. (2022, November 30). Analisis Skema Pengenaan Pajak Karbon Di Indonesia Berdasarkan United Nations Handbook Mengenai Penerapan Pajak Karbon Oleh Negara Berkembang. *Jurnal Pajak Indonesia (Indonesian Tax Review)*, 6(2), 357-367. <https://doi.org/10.31092/jpi.v6i2.1843>
- Pratiwi, H. T. (2022). Relocation of The Country's Capital: Effort to Achieve Equality Development and Decentralization. *European Alliance for Innovation*, 1-8. DOI 10.4108/eai.28-5-2022.2320562
- Regional Corridor Development Authority (RECODA) (2021, October 26). With New Masterplans, Sarawak Well-Positioned to Attract Renewable Energy. *Regional Corridor Development Authority (RECODA)*. <https://recoda.gov.my/news/with-new-masterplans-sarawak-well-positioned-to-attract-renewable-energy-investments/>.
- Regional Corridor Development Authority (RECODA) (2022, September 30). Regional Development Agencies. *Regional Corridor Development Authority (RECODA)*. <https://recoda.gov.my/development-agencies/>.
- Robert, J. (2022). Cooperation Under the Security Dilemma. *World Politics*, 2, 169.

- Santosa, S., Khotimah, K., Andani, S. W. & Kumaraningrum, R. A. (2021, May 1). Nuclear Energy Development Self-management Concept to Support National Energy Security and National Defense (Case Study: Commercial NPP Plans in the West Kalimantan Region). *IOP Conference Series: Earth and Environmental Science*, 753(1), 012050. <https://doi.org/10.1088/1755-1315/753/1/012050>.
- Siong, H. B. (2001). The Indonesian Need of Arms after the Proclamation of Independence. *JSTOR*, 157(4), 799-830.
- Stagg, B. J. (1972). *Political Conflict and Instability in Indonesia, 1949-1959*. William & Mary. <https://dx.doi.org/doi:10.21220/s2-nf61-we05>
- Sudagung, A. D. (2021, February 28). Indonesia's Border Security and Political Nationalism Means in Dealing with Nationalism Problem at Indonesia-Malaysia Border Area (2009-2014). *International Journal of Environment, Architecture, and Societies*, 1(01), 1-11. <https://doi.org/10.26418/ijeas.2021.1.01.1-11>.
- Syaban, A. S. N. & Appiah-Opoku, S. (2023). Building Indonesia's New Capital City: An In-Depth Analysis of Prospects and Challenges from Current Capital City of Jakarta to Kalimantan. *Urban, Planning and Transport Research*, 11(1).
- Thuy, P. V. (2017). Same Fate, Different Choices: Decolonization in Vietnam and Indonesia, 1945–1960s. *Lembaran Sejarah*, 13(1), 72-90.
- Tuah, Y. (2022, January 15). A Look at Sarawak's SCORE Card. *Borneo Post Online*. <https://www.theborneopost.com/2022/01/15/a-look-at-sarawaks-score-card/>.
- Wee, L. L. M. & Goy, S. C. (2022, April 19). The Effects of Ethnicity, Gender and Parental Financial Socialization on Financial Knowledge among Gen Z: The Case of Sarawak, Malaysia. *International Journal of Social Economics*, 49(9). <https://doi.org/10.1108/ijse-02-2021-0114>.
- Weinstein, F. B. (2007). *Indonesian Foreign Policy and the Dilemma of Dependence*. 1st Ed, EQUINOX Publishing.
- Yofa, R. D., Irawan, A. R., Rafani, I. & Sudaryanto, T. (2023, November 20). The Development of Indonesian New State Capital (IKN) and Its Implications for the Agricultural Sector. *FFTC Agricultural Policy Platform (FFTC-AP)*. <https://ap.ffc.org.tw/article/3484>.
- Yudhistira, M. H., Decky, P. K., Harmadi, S. H. B. & Pratama, A. P. (2016). How Congested Jakarta is? Perception of Jakarta's Citizen on Traffic Congestion. *Economics and Finance in Indonesia*, 62(3), 141–151.