

Research Article

A Grey Area Phenomena: A Survival of Informal Cross Border Trade at Sebatik Island, Malaysia

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Abstract

This article unravels the concept of the grey area phenomenon which is getting more specific and intense. The complexity of borders remains a core point regarding boundaries, informal cross border trade, and threats to national security. This article focuses on investigating the survival of informal economic activities in Sebatik Island. This study uses a qualitative approach in the form of field observations and interviews as the main source of primary data of this writing. The results suggest that the grey area phenomenon concentrated in Sebatik Island creates benefits and detriment related to both countries' survival.

Keywords: Grey area phenomena, informal cross border trade, Sebatik Island

Introduction

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Sabah is one of the thirteen states in Malaysia, located in the Borneo, Malay Archipelago. Strategically, the position of this region shares the border between Brunei Darussalam, the Philippines, and the Republic of Indonesia. Sabah's role amid the complexity of this border geopolitical system leads to dynamics in terms of the continuity of borders and sovereignty of a country in general, Malaysia and especially the state of Sabah. This continuity invites various scenarios and phenomena unique to the relationship between countries.

The dominant factor in this boundary composition is due to the strategic position of Sabah, which covers 72,689 sq. km of land, excluding the mainland of the surrounding islands, which is estimated at 1,549 sq. km. While the maritime area covers 54,360 sq. km, making up 30 percent of the Economic Exclusive Zone (EEZ). This maritime region formed from the South China Sea to the west and the Sulu Sea to the north of Kudat. It extends to the east coast region covering the Sulu Sea and the Celebes Sea in the Semporna and Tawau regions (Ramli et al., 2016).

The boundary of the border between Sabah and North Kalimantan in Sebatik Island reflects the dynamic manifestations of understanding the limitations in various social, political, and economic aspects as well as national interests. The term state border has multiple meanings. State borders are interpreted as a manifestation of the territorial sovereignty of a country (Arifin, 2012). The territorial sovereignty of a country plays a significant role in determining the boundaries of authority, resource utilization, security, and territorial integrity. State borders exist in various environments, such as national historiography, politics, nationalism, and international law. The federal constitution, on the other hand, covers the boundaries (Ariffin, 2012: 85). Borders carry important and strategic meanings to the sovereignty and survival of a country in terms of defense and security.

Furthermore, borders share familiar environments between two or more countries, which create a grey area of authority among bordering neighbors. The tendency of regional expansion can lead to conflicts between countries for the sake of their national interests. Ironically, border interests in defense and security, as well as socio-economy; also play a crucial role in the survival of national sovereignty. Boundary and territorial boundaries between countries and other neighboring countries, opening space and opportunities towards the cooperation of modern and traditional economic development in the mixing of dynamic ethnic and cultural relations (Arifin, 2013). Not least, the complexity creates a grey area phenomenon that invites various forms of threats to national security and interests.

Background of Study

Behind this boundary structure, there is an island that has a direct border with Malaysia and Indonesia in general, Sabah and North Kalimantan, namely Sebatik Island. Malaysia and Indonesia own Sebatik Island until it got the nickname of the local community as *Pulau Dua Negara*, or it would be called 'an Island of Two Countries'. The district boundary for both refers to Tawau in Malaysia and Nunukan in North Kalimantan Province in Indonesia. In this article, the delimitation of the boundary line refers to the convention of the British - Dutch treaty of 1891. It is also known as the London Convention, and it was referred to as the London Protocol back in 1951.

The determination of political boundaries is the basis and condition for the formation of a country and is the determination of the right to rule over a territory (Zaini et al., 2010). The boundary marker (in Indonesia known as *Patok Beton*), which still exists today, is living proof of the convention.

Map 1

Sebatik Island, Malaysia-Indonesia Border



Source: Center for Geography Information System, UMS, Fauzie (2020: 248) & Fauzie (2021:4)

The convention also outlined the determination of sea and land boundary lines between the British and the Netherlands based on the astronomical system located at the vertical line $4^{\circ} 10' \text{ LU}$ (Suburi, 2010: 119). These places the northern part of Sebatik Island as wholly owned by the British, while the southern part belongs to the Dutch (Abubakar, 2006: 87). The distance beyond the two countries through this border is only about 15 minutes to Tawau port, and only about 10 minutes to traverse the City of Sei Nyamuk Indonesia, through Kampung Sungai Melayu Malaysia. Meanwhile, through the riverside of Kampung Haji Kuning Malaysia to Desa Sei Aji Kuning Indonesia, the Indonesian National Army (TNI) Guard Post can be seen above the borderline of Sei Aji Kuning. Interestingly, around Desa Sei Aji Kuning, this boundary divider passes through a house, a living room in Indonesia, during a kitchen in Malaysia. The unique boundary line separation symbol is often the focus of the main pathways of the Sebatik Island community either in terms of social interaction or economic networking.

Literature Review

Grey Area Phenomena

The collapse of the Soviet bloc in Eastern Europe in the late 1980s and early 1990s reflected the existence of a better international political system. This phenomenon creates a better guarantee in achieving peace and the survival of various techniques from the political, economic, and even social side. Democratic

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political institutions are the savior to the post-war that occurred to the New World Order concerning the growing market power mechanism. Developments directly driven by the influence of the modern capitalist world and globalization are forcing the economy, politics, and society to favor the flow of globalization that places a borderless world. However, the development seen may guarantee that well-being and peace, again showing anxiety when the threat arises from the spectrum conflict that starts from below, known as the Grey Area Phenomena (GAP), and this phenomenon is growing.

The grey area phenomenon includes conflicts related to terrorism, insurgency, and drug trafficking, fundamentalist militants, ethnic cleansing, and civil war, triggering threats across national borders and other causes of instability. Although many of the activities of organized crime groups are the same as before, they have expanded their areas of operation, level of cooperation, and organized crimes. The use of terrorism has become an effective tactic, and the ability of law enforcement to combat what constitutes a global threat is limited. The western world had been a significant target of organized crime. Still, many activities originated in areas such as Eastern Europe, Southeast Asia, South America, and to a lesser extent, Africa, and the Middle East (Ward, 1995). Jurisdiction issues, lack of common legal principles, societal disregard for politics, and disputes between disputes that often hinder law enforcement. These problems are compounded by the changing role of the military and other organizations. The stringent rules and policies keep changing to meet this increasingly complex phenomenon.

Grey Area Phenomena in Southeast Asia

Peter Chalk, in his paper 'Grey-Area Phenomena in Southeast Asia: Piracy, Drug Trafficking, and Political Terrorism', interprets this phenomenon as a universal phenomenon that is growing and worldview. Chalk (1997) also sees the development of the grey area phenomenon in Southeast Asia as a continuation of the Cold War-era related to drug production, maritime robbery and piracy activities, cross-border trade as well as threats of openness with a strong emphasis on the Golden Triangle of the Laos region, Burma and Thailand, and political violence. This threat is not new to the border environment, a vast maritime area with a combination of forest and mountain borders in Southeast Asia (Hiltner, 2008).

This issue received strict attention and was viewed as a new form of threat resulted from borderless activities since the 1990s. At the same time, this phenomenon has become increasingly clear that the mechanism for overcoming such threats is not well developed in the region of Southeast Asian countries. The impact of the merger and cooperation has increased significantly in line with the importance attached to these unconventional regional security areas. However, the evidence is seen in the growth of cross-border trade employing economic and human trafficking, cross-border trade, kidnappings for ransom, drug trafficking, and terrorist groups, all of which are more relevant in securing national security in Southeast Asia.

Globalization and International Geo-Political Transition

In general, the trigger of this phenomenon is in line with what is happening at the international level. All issues related to this phenomenon, whether violent or not, it directly represents the threat to stability, unity, and that is the catalyst for a modern sovereign state in terms of geopolitics and other structures. However, this phenomenon is not like the challenge of the Cold War era, which is based on traditional threats related to national security and sovereignty. Significant security concerns because of aggressive arrangements

related to national threats of violence and non-violence, non-traditional, and non-actor threats in this phenomenon are vaguer and more difficult to identify.

However, threats from below can lead to more organized risks. This systematic risk usually comes from a context that exists abroad and outside the borders of a sovereign nation. As Holden-Rhodes and Lupsha once argued (see Chalk 1997: 5), this phenomenon is relatively only considered to pose a common threat and does not interfere with national interests. The fact is, the danger and space to this phenomenon is often overlooked or, when recognized, only considered into the equation of healthy political policy action when they had destroyed the map instability of a country affected by it.

Dollarization Issues

Chalk described the phenomenon from several global events, such as dollarization. The 'dollarization' phenomenon refers to money transactions in the free market that encourages commercialization of products around the world. The phenomenon of dollarization also creates a worldview situation regarding the movement of goods across the globe, whether it is international trade, cross-border trade that is formal and informal. The exercise of free-market power due to the greatness of the capitalist economic power also encourages economic actors. They try to make a profit because of the free market itself either created based on government authority or created from the local community.

The continuation of dollarization in the world capitalist economic system also reflects the desire and need to limit borders and sovereignty between countries. As a result, this phenomenon of dollarization also creates something rooted in the clash of classes of capital owners and economic actors. Dollarization, which is seen as the primary catalyst for needs and choices in the economy, does not rule out the existence of activities that are beyond the bounds and formal economic rules. The opportunity is seen as a continuation, whether it is a valid term in the financial regulations.

Group of Religious and Ethnic Fighters

According to Chalk, the grey area phenomenon is also related to the cold war era, which sees the development of groups fighting for identity. This group is like the rise of religious fighters and ethnic fighters. It is present because of local conflicts and conflicts between countries related to religious disputes and ethnic conflicts, as is the case in countries such as Western and Eastern Europe, Africa, Central Asia, Southeast Asia, and West Asia.

The outbreak of this conflict also caused the violence that occurs against the political, economic, and social itself (Chalk 1997: 7). Besides, the religious and ethnic conflicts that arise globally are the result of battles during the cold war era related to the religious community that forged for individual beliefs and ideologies.

Proliferation of Arms Procurement

The post-cold global situation saw the collapse of the United States and the Soviet Union as a catalyst for the proliferation of arms procurement and use. Conventional warfare that encompasses the main objectives of these two superpowers creates massive destruction in human history (Chalk 1997: 13). The ability of these countries to develop a weapon system triggers the acquisition of weapons around the world. The post-

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cold war created more wars by proxy underlying several agreements such as the North Atlantic Treaty (NATO), Warsaw Pact (WP) was used as a substitute character for the clash.

This phenomenon contributes to the retention of power over certain territories, economic and political interests. This proliferation, at the same time, spreads the acquisition of arms by placing them under the authority in certain regions. This demand not only created the addition of weapons to specific continents and countries, but the wisdom and strategy of war also contributed to the proliferation of weapons used by these superpowers continued to surpass conflicting countries such as in Afghanistan in 1979.

Grey Area Phenomena at Sebatik Island: A Threat or Economic Survival?

The grey phenomenon of this area is also inseparable from its relationship with globalization. The importance of the continued power of the free-market economy encourages change and complexity in a country's economic, political, and social. Within a few years, the shift of capitalist economic power to the free market reflected changes and economic transitions through a series of international trade agreements, unrestricted information acquisition movements, foreign investment, offshore financial transactions, increased world trade volume, government, and government integration with society.

This phenomenon of globalization triggers the existence of the grey area phenomenon that takes the space and opportunity for this transition. Globalization creates an unlimited flow of capital, communication beyond borders, exploitation of the physical environment, and robust a networking due to technology in open space are significant factors effectively moving in the grey areas (Chalk 1997: 15).

Objective

This article focuses on investigating the survival of informal economic activities in Sebatik Island, owned by Malaysia-Indonesia, in terms of history and developments to cross-border economic survival. The threat of grey area phenomena conducts as a role and intervention of the government in influencing economic expansion and security control from threats, inviting various interpretations, and demanding in a-depth research. All these basic things become a threat to the sovereignty of the country and the national interest of Malaysia, especially in Sabah.

The complexity of the borders itself shows the growth of social interactions based on differences in the value of sentiments, whether in terms of nationalism, identity, integration of economic space, as well as the overlap of layered political border systems. Complicated things like this often create benefits from each other.

The fact is, understanding the phenomena rooted in these boundary compounds leads to uncertainty. Does the tension, namely the existence of an informal cross-border economy, lead to a new paradigm for a balanced system of the environment? Simultaneously, space and opportunity because of this border structure create a form of threat to national sovereignty or the need for strategic government regulation of border planning, cross-border economic survival, and regulating risks in the national interest? Boundary complexity and cross-border economic dependence, often called the grey area phenomenon would have implications for the survival and sovereignty of the country.

Research Method

This study uses a qualitative approach in the form of field observations and interviews of key informants as the main source of primary data. The total number of key informants involved in this study was six individuals responsible for conducting activities at the borders. Their identities were anonymous, and their stories and insights were integrated into the body of arguments. This incorporating technique of interviews into the body of statements by concisely telling the narratives helps to protect the identity of critical informants (Bogdan and Biklen 2007).

Secondary sources are based on highlights from formal institutional reports and documents on the border and cross-border trade. Observations were made from 2015 until 2018 on six (6) key informants who were identified as doing cross-border economic activities. The interview was conducted with a few officers in National Security Council or *Majlis Keselamatan Negara* (MKN), who synchronized the East Sabah Security Command (ESSCOM).

Findings and Discussion

A Survival of Informal Cross Border Trade in Southeast Asia

The earliest research on cross-border economic activity in Southeast Asian countries involved Kampuchea, Greece, and Guangxi Zhuang in China, Laos, Myanmar, Thailand, and Vietnam conducted by Asian Development from 1998 to 2009. Later, some researchers such as (Maneepong 2003), (Maneepong & Wu 2004), (Choen 2008), (Tsuneishi 2008) conducted research that focused primarily on a country's border town as well as the potential of a border town as a catalyst for economic growth in the backward suburbs of Thailand. Also, Abdul and Muszafarshah (2010) also conducted cross-border town research on Sadao-Bukit Kayu Hitam Town, Thai, and Malaysian Borders (Rahim 2015). Cross-border economic analysis between Malaysia-Indonesian features researchers such as Roberts (2004), Nurul, Lau Evan & Shazali (2004), (Husnaldi (2006), Ramli & Ahmad (2007), Wan Shawaluddin *et. al.* (2020), Herman (2007), Kasim & Mori (2008), Dendy (2009), Endi & Ratnawati, (2012), Saru (2012), as well as Thirunaukarasu, Evelyn & Sivachandralingam (2013) & Fauzie Sarjono (2018, 2020 & 2021).

The researchers mentioned above discuss the potential of border towns as agents of change to the growth of sustainable economic regions as well as aspects of defense and security that are more of a significant focus than developing border towns. Interestingly, informal economic activities at the border exist and grow because of the borderless concept and 'Self Economic Market' (Rudiatin 2012. See also Puryanti, 2017). Furthermore, a concept of smuggling or smuggler exist in these economic activities practice surrounding by local and traditional method (Fauzie 2020).

This phenomenon depends on the interaction of economic development between the two countries. Interdependence with each other brings a new level in cross-border economic activity. This level of activities contributes to the prosperity and development of an area, as a mechanism to develop the border economy while removing society from the shackles of poverty (Blatter 2000; Muzvidziwa 2001 and Titeca 2009).

Interdependency for Resources

The cross-border economic activity of Malaysia-Indonesia, which is the focus of this article, is so wide open that it creates an interdependent dimension of resources and labor in both countries. In terms of the main routes, namely sea, river, and land, create the perfect economic path to strengthen the informal

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financial system at the border. This phenomenon is rooted in the old barter trade system established since before the colonization era. Sabah's strategic position in terms of waters and maritime areas has made Sabah a primary intermediary of the exchange system in the region during the administration of the Sultanate of Brunei and Sulu.

The concept of barter trade takes place on the Malaysia-Indonesia border today has changed its image and application. The idea of exchanging goods for other goods requires mutual demand. This concept of exchange is available in communities at the borders of Malaysia-Indonesia. Surrounding neighbors like Malaysia-Philippines and Malaysia-Brunei also follow the trend of exchanging goods. This process requires the bargaining process to reach an agreed price.

Map 2

Informal Cross Border Trade Undesignated Route, Tawau-Sebatik Island



Source: Fieldwork 2018, Fauzie (2020:264) & Fauzie (2021:274)

Interestingly, the concept of exchanging goods creates a dimension of uncontrolled pricing, either from suppliers, intermediaries, or recipients. This economic cycle may start the demand in Tawau to Sebatik Island Malaysia, but it will not end only in Sebatik Island Indonesia. The rotation and financial transactions in the same cultural environment and values continue from the Indonesian Sebatik Island through Bandar Sei Nyamuk, Sei Aji Kuning, Sei Limau, Nunukan, and even to Tarakan Indonesia. The main transportation for the exchange of goods on the Malaysia-Indonesia side is known as Jongkong, Kumpit, as the traditional mode of sea transport.

Informal Cross Border Trade and Dual Currencies

The reality is, economically, there are shortcomings and weaknesses in the standard of living of Sebatik Island communities in both countries. The use of Dual Currencies (Ringgit and Rupiah) explains the interdependence. The ringgit is so dominant because of its vast value when compared to the Indonesian Rupiah. These are making the Indonesian Rupiah an alternative currency in daily transactions to complement the general needs at the border. In the context of the sale and purchase of goods, Saleh

(2015:36) argues that Malaysia relatively controls the goods market on the border of the informal economy, especially in the town of Sei Nyamuk, Sei Limau, Sei Aji Kuning Indonesia, and Kampung Sungai Melayu, Malaysia. Reliance on Malaysian-owned goods is so economically cheap and readily available.

Distance, Overflow of goods and Social Interaction

Besides that, factors of distance and overflow of goods as well as easy to cross borders become the choice of the border community, creating a space of demand and supply on the informal economy in nature. Also, there are no time and space limitations in obtaining goods. Finally, the overflow of everyday economic activities mixed in the same social, value, and cultural environment, creates a dynamic of opportunities that exist. Ironically, the torrent of resources, space in terms of economic geography, fluid social interaction as well as the influence of profits in resource competition create unique and the dynamics of informal economic. The existence of intermediaries from Malaysia, the Philippines, and Indonesia, as well as having Malaysian citizenship, is also a significant factor in the development of the informal economic system at the border based on the exchange of goods.

Picture 1

Unloading/Uploading Goods and Products



Source: Fieldwork 2019 & Fauzie (2021: 157)

As a result, the common phenomenon of "Buruh Angkat Barang" or coolies from Indonesia are brothers or relatives to employers from Malaysia who are everyday-defined at the Malaysia-Indonesia border. The value of Malaysian goods to Indonesia is higher than the agricultural products brought into Malaysia through the port of Tawau. This supportive network is due to the daily interaction between communities that are fluid because of kinship or family ties from the original land. The reality is this dependence leads to an intimate level of the economy from society. This kinship interaction proves that the integrity of the Malaysian economy is the driving force for the needs of Indonesian communities.

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Consequently, in terms of economic law, if there is an overflow of resources, then there will be a demand for the necessities of life.

On the Philippine side, it is not an unusual phenomenon with the presence of Kumpit in the local language a Speedboat, which operates in Zamboanga, Sulu, Tawi-Tawi. Apart from this kumpit being used as the primary water transport medium in the process of exchanging goods, kumpit is used to smuggle drugs, weapons, cigarettes, and alcohol into Sabah. Meanwhile, smuggling activities from Malaysia to Philippines were in the form of diesel and petrol, sugar, and subsidized goods. Apart from the smuggling of goods, the entry of immigrants is also through the exchange of goods (Ramli & Kamarulnizam, 2018).

The promising activities between the two countries through the control of the Philippine-Malaysia-Indonesian government open a wide range of socio-economic aspects. They are directly catalyzed to cross-border economic development. However, the concept of the cross-border economy by exchanging goods is also a significant cause of cross-border smuggling with the existence of incidents as well as scenarios of terrorist groups and organized crime groups. The year 2001, based on the Daily Express report (March 2, 2001: see Ramli & Ahmad, 2004), stated the amount of sharp increase in cross-border economic activity. The main reason for this smuggling is due to the dumping of these goods exchange ships being used as the primary tool of smuggling. The influence of prices and high demand on Malaysian goods became the main sentiment of profit generation with the avoidance of goods tax. Smuggling on a large scale and the Malaysian government categorizes Sabah as one of the main gateways for cross-border smuggling activities.

A Threat of National Sovereignty: Cross Border activities

Sabah's strategic borders with a strategic geographical location between the Philippines, Brunei Darussalam, and Indonesia with its long coastline and the existence of surrounding islands are the catalysts for cross-border trade activities, smuggling, the entry of illegal immigrants, kidnapping for ransom, and terrorist groups. The restriction of the Sabah-Indonesia border was accompanied by the existence of Cross-Border Trade between Sabah and Kalimantan through the signing of the Malaysia-Indonesia Border Agreement in 1967 (Rahim, 2015). This agreement creates Malaysia-Indonesia cooperation in strengthening economic integration at the border between the two countries.

The agreement empowers the Sabah Immigration Department to issue Border Crossing Passes to residents living along the border to facilitate movement and monitoring for those with relatives in both countries. The 5km radius along this boundary line shows the fluidity and ethnicity of social and ethnic institutions that are so dynamic and diverse. The Cross-Country Pass (PLB) issued by Indonesia also reflects political tolerance in maintaining ethnic and social stability and even promotes reciprocal economic network.

This agreement proves that the complexity of the boundaries examined up to the level of the social system can create the ultimate defense in the context of border security. A dynamic boundary, whether the borders are modern geopolitical borders, ethnic borders, or military borders, either one can open space to various forms or dimensions that may be exploited by non-state actors and actors. This Cross-Border Agreement, which began as a Basic Arrangement on Border Crossing, signed as early as 1967 between Malaysia-Indonesia, eventually led to an agreement to increase cross-border economic activity. The prosperity of the border economy will only be achieved through the tolerance of both countries.

Finally, this Cross-Border Agreement leads to Border Trade Agreement (BTA), which further strengthens economic ties on the Malaysia-Indonesia border. The year 1973 once again saw the cross-border trade characterized by barter trade was signed with the Agreement on Travel Facilities for Sea Border Trade agreement between the Government Republic of Indonesia and Malaysia. The Malaysia-Indonesia's cross-border trade agreements include cross-border trade trading activities, cross-border trade actors, two countries' authorities, merchandise products, and controlled, transportation regulations, and designation of areas for cross-border exchange trading. This agreement gives an idea of the economic potential that can be generated and the vast space and labor opportunities.

However, Jawhar & Sariburaja (2016) in *The Lahad Datu Incursion & its Impact on Malaysia's Security* said that one of the reasons for the threat of invasion of Tandu, Lahad Datu in 2013 was due to the exchange of goods that took place between Malaysia-Philippines and Indonesia. The border crossing seen as a cross-border trade opportunity will not run away from being the cause of smuggling, armed robbery, kidnapping for ransom, and organized crime groups (Jawhar & Saribujaya 2016: 18). T

The relationship between these non-actor threats is seen as using the path to cross-border trade. As stated by Jawhar & Saribujaya (2016: 34), the exchange of goods that started historically in the form of spices, resins, and rattan turned into wood sugar, marine life, and fruits and eventually used the trade route as a center for arms smuggling, alcohol, and cigarettes. The use of kumpit (speedboat) is also used as a trade intermediary to become the main route to human trafficking, merchandise, and thus lead to the entry and threat of terrorist groups. Figure 1 explain the seized item related to the cross border economic activities.

Figure 1
Seized Item (goods and Product)

No.	Types of goods and product	Quantity
1	Sugar	2460 Kg
2	Cooking Oil	1571 Kg
3	Undocumented Article (Blade & Knife)	52 Unit
4	Safety Helmet	20 Unit
5	Digital Satellite	15 Unit
6	Wheat Flavor	525 Kg
7	Illegal Fishing Device	2 Unit
8	Energy Drinks (Kukubima)	445 Packet
9	Malaysia Gas Cylinder (LPG)	17 Unit
10	Medicine	10 Kotak
11	Rice	50Kg

Sources: Royal Malaysia Custom Department, Tawau 2014 & Fauzie (2021:10)

Cross-border economic agreement space is said to be the primary medium for economic survival and the cause of organized crime groups such as smuggling and illegal trade. Saleh (2015) argues that the

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issue of demarcation is a severe national problem in the context of bilateral relations. Among the seriousness of this national problem is such as the borderline conflict between countries that concludes such issues as border conflict on federal territorial claims, cross-border activities, smuggling at the border in the form of resources and people, terrorists, and others. The vulnerability to problems at these borders is due to competition as well as resource dependence because of liquidity in the context of community social networks, broad boundary lines, dynamic, intricate, and complex boundaries. In tandem to Chalk's argument (1997), the grey area phenomenon is related to threats to the stability and sovereignty of a country from non-state actors and non-government or organizations. The grey area has been linked to the activities of international criminal syndicates, drug smuggling organizations such as drugs, and syndicates and terrorist groups. Also, the grey area of this area is related to non-violent threats such as foreigners, hunger, and carriers to disease. In Southeast Asian countries, the grey area phenomenon is not new (Hiltner, 2008). In the context of today's world, the growing threat to national sovereignty encompasses economic, political, and social interests, which is growing and within the worldview axis.

A Threat of National Sovereignty: the emergence of Terrorist Group

Sabah's strategic position not only catalyzes the existence of the organized crime group phenomenon, but it also leads to the emergence of terrorist groups. Terrorist groups such as Jemaah Islamiyah (JI), Darul Islam (DI), Abu Sayyaf, and Royal Sulu Force (RSF) use this border structure by making Sabah a stopping point for human trafficking and weapons (Jawhar & Sariburaja 2016: 20). The fact is the incidents of intrusion and ongoing claims of Manila, the Philippines against Sabah with various incidents of kidnapping, smuggling, continue to this day. Beginning in 1963, a group of Mundu (referring to an individual or a group of individuals involved in piracy, armed robbery, and kidnapping) originated in the southern Philippines, killing, and committing an armed robbery on Bum-Bum Island, Semporna. Later, a mundu incident also occurred in 1985, when Standard Chartered Bank and the Malaysian Aviation System Management (MAS) office were robbed in Lahad Datu. The experience continued until a group of mundu known as the Abu Sayyaf Group carried out the kidnapping of 21 hostages on Sipadan Island. According to Ramli (2004), a total of 367 mundu cases were recorded during 1991-2003. However, among the incidents that aroused patriotic spirit, on February 11, 2013, is one of the events that are the memory of the people of Sabah, in particular. The invasion of 200 terrorists known as the Royal Sulu Force (RSF) using boats in Tanduo, Lahad Datu Sabah, to represent Jamalul Kiram III, who calls himself the Sultan of Sulu, to claim Sabah from Malaysia. This incident is also seen as a threat posed by the intricate planning of border gates, especially the maritime territory on the east coast.

Following this incident, the Malaysian government declared the east coast of Sabah as a Special Security Area (SSA) on March 7, 2013. Then, on March 11, 2013, the state of Sabah changed the name of SSA to East Sabah Security Command (ESSCOM), which has its headquarters in Lahad Datu (Borneo Post, 2013). Towards the continuity of sovereignty and border security, the establishment of the East Sabah Security Zone (ESSZONE) on March 25, 2013, is seen again as Malaysia's efforts in general, especially Sabah, in balancing the boundaries between countries. ESSZONE covers ten areas on the east coast of Sabah, such as Kudat, Kota Marudu, Pitas, Beluran, Sandakan, Kinabatangan, Lahad Datu, Kunak, Semporna, and Tawau, covering 52,262.90 sq. km (ESSCOM Times, 2015).

In May 2015, police enforcement suggested that the border exchange activities be stopped to prevent terrorist groups and organized crime groups. However, the proposal received serious attention from

the southern Philippine authorities, who thought it was unproductive and not a way to a solution. This suspension will create more criminal activities at sea, kidnappings, and the influx of immigrants. However, on April 1, 2016, another kidnapping occurred involving four Malaysian sailors, causing the Sabah Chief Minister to decide to suspend this activity on the Philippines. The fact is breaking barter activities at the border affects both countries. Reliance on these activities guarantees economic development as well as better labor security to balance labor in the formal market. The profit-making from the exchange of goods among the Philippines, Malaysian, and Indonesian is estimated at RM150 million to RM300 million per year. However, based on observations, informal economic activity at the border continues to this day. The suspension of barter trade activities that carry negative connotations put pressure on Malaysia, especially Sabah, in balancing national security and defense. The importance of economic development and the survival of border communities should also be considered.

Various Interpretations on Boundary Structure

The composition of the Malaysia-Indonesia border in general, and, Sebatik Island, invites various interpretations. The boundary structure is seen as space and opportunity for cross-border informal economic survival centered on two-way economic relations. Economic dependence creates such significant economic and social prosperity and transitions. However, the grey area phenomenon that seems to take place in the continuity creates a variety of actions of the perpetrators to the threat of national security. These two things are interconnected with each other—empowerment through cross-border trade agreements in line with the incidents of organized crime groups and terrorist groups.

The Fluidity of Maritime Borders

The fluidity of maritime borders with many grey areas to control and to monitor that especially those involving Southeast Asia are often associated with the grey area phenomenon. Boundary composition is seen as inviting to the phenomenon, first; organized crime groups and second; terrorist groups. Both things are external threats related to boundary complexity. However, despite the spectacle, the existence of cross-border economic activity patterns in the form of barter is taken the opportunity and space to be exploited into smuggling activities. The presence of trade routes is also used as grassroots to robbery, terrorist activities, and aggression.

Conclusion

This article unravels the concept of the grey area phenomenon, which is getting narrower and higher. The connection between space and economic opportunities also leads to various forms of anxiety when questions and debates on strengthening national security. The fact is the complexity of borders that is the context for the survival of this phenomenon continues to be a blend in writing related to borders, informal cross-border economy, and threats to national security. However, the role of national actors plays a vital role in delving into and examining more closely and in-depth the joint venture of the countries involved in seeing national interests considered. The grey area phenomenon that occurred on Sebatik Island, especially the Malaysia-Indonesia border, brought pros and cons to this issue. Finally, phenomena based on non-state actors for the sake of interests lead to greatest threats in the increasingly complex geopolitical space due to ethnic liquidity, social networks, an overlap of political and economic systems, and even the influence of globalization in various angles. And this space is prolific and worldview.

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At the same time, boundary complexity reflects the existence of informal cross-border trade survival. Ethnic relations that are so melted are bounded at the same time, creating continuity to this activity. The thickening core of social ethnicity and needs and choices are the mainstay of the continuation of the survival of the informal cross-border trade phenomenon that continues to be created. Sustainability that saw economic actors seeks space and creates their own economic space in this grey area phenomenon exhibits continuity in limitations due to threats that are seen as the main list of empowerments for the sake of national security. Such problematic ethnic dominance is the mainstay of why cross-border informal economic phenomena continue to excel in the gray area phenomenon, which is seen as a threat to this survival. Finally, the risk of non-state actors is seen to take the space and opportunity of winning luck in the context of the Malaysia-Indonesia border.

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