



# Cross-Border Migration in the Border Area of Jagoi Babang, Indonesia with Serikin, Sarawak, Malaysia: A Case study of Indonesian Traders at Serikin Market, Sarawak, Malaysia - Opportunities and Challenges

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## Abstract

The World Economic Forum notes that there is an economic gap between Indonesia and Malaysia every year as seen from GDP per capita. The economic disparity between the two countries caused differences in available employment opportunities. Limited employment opportunities in Indonesia cause an increase in unemployment in Indonesia. The high unemployment rate in West Kalimantan is the main cause of the migration of Indonesians to Malaysia with the aim of carrying out economic and trade activities in the Serikin Market which is located in Sarawak, East Malaysia. The market only takes about 15 minutes from the Jagoi Babang. This study used primary data collected by using in-depth interview and observation techniques which was analyzed qualitatively. The study found that in general the migration patterns of Indonesian traders who traded in the Serikin Market practiced non-permanent mobility patterns. The opportunities of cross-border trade carried out by Indonesian traders are reducing unemployment, facilitating product marketing, increasing income. While the challenges faced are the inadequacy of the road infrastructure, the quality of merchandise that is not good, the unavailability of lodging for Indonesian traders in the border area of Jagoi Babang, shop rental prices are relatively expensive. Basically, this research is to provide empirical data regarding to opportunities and challenges of cross-border traders that will be able to be used for future research related to strategies in managing cross-border trade. Hopefully, this research will contribute significantly to generate an effective migration policy in order to minimize transnational crimes.

**Keywords:** Cross border migration, trader, opportunities, challenges, Indonesia.

## Introduction

Cross-border migration is one consequence of economic disparities between countries that border geographically. (Haris & Adika, 2002: 32) stated that inequality in economic growth had a consequence of the exodus of migrant worker from economically disadvantaged regions to regions whose economic growth was much better. Indonesia and Malaysia are countries that border directly geographically but both have different GDP. (The World Economic Forum, 2015 noted that in 2014 for example, Malaysia's GDP per capita was USD 10, 804, while Indonesia's GDP per capita was USD 3,534. Furthermore, in 2017, Malaysia's GDP per capita exceeds the amount of Indonesia's PDP per capita in the amount of 9,360.5 USD and 3,604.3 USD respectively (World Economic Forum, 2011-2018). These numbers are clearly explained that the Malaysian economy in some period was much higher than Indonesia. The GDP gap between Indonesia and Malaysia has an impact on differences in employment opportunities between the two countries. Indonesia with low economic growth has limited job opportunities compared to Malaysia. The availability of employment opportunities in Indonesia, which is lower than the number of employees, has caused unemployment.



The problem of unemployment is a serious problem in West Kalimantan Province, which is one of the areas bordering the mainland with the territory of Sarawak, East Malaysia. According to the Central Statistics Agency of West Kalimantan in 2017 the unemployment rate up to August 2017 reached 105,061. This figure has increased compared to last year (2016) which reached 100,935 inhabitants. The labour indicator is reflected in the Open Unemployment Rate (TPT) and the Labor Force Participation Rate. As of August 2017, West Kalimantan TPT was 4.36 percent from the previous 4.23 percent in August 2016. While in August 2017 was 68.62 percent, lower than in the period of last year (2016) which was 69, 33 percent.

The opening of potential trade services in Serikin Market, Sarawak, East Malaysia which is not exploited by native Malaysians, is an attraction for Indonesians to take advantage of these opportunities to sell various products such as clothing, grocery items, household furniture, food products processed, woven, agricultural products and plantation products. This condition explains that economic motives are the main trigger for Indonesian traders to carry out economic and trade activities in Malaysia.

## Literature Review

### International Migration

In general, migration patterns are classified into two namely permanent migration and non-permanent migration. According to Mantra (2003:173), permanent migration is the movement of people who cross the boundary of the origin territory to another region with the intention to settle in the destination area. Whereas non-permanent migration is the movement of people from one region to another with no intention to settle in the destination area. Steele, 1983 (cited in Mantra, 2003) explained that if a person goes to another area and from the beginning had intended not to settle in the destination area, that person is classified as a non-permanent migration agent even though he or she lives in the destination area for a long time. Non-permanent migration is divided into two, first is circular migration or seasonal migration, that is, migration that occurs when someone moves but does not intend to stay at their destination. The second is commuter migration, where people leave their homes every day to go to another city to work or trade, etc., but return home in the afternoon.

International migration is defined as a form of population mobility that transcends national and cultural boundaries (Zlontik, 1998; Haris, 2003). A broader understanding was put forward by Lee (1992); Bogue (1969), Bedford (1981) which defines international migration as a migration activity that includes aspects of changes in residence, destination of migration, as well as desires to settle or not settle in the destination (in Zid, 2012). Next, Hugo, 1992; 1993,1995; Mantra, 1995; Kasim 1987 (in Sukamdi & Haris Abdul, 2000) found that inequality of economic growth between regions or countries was the clearest reason to explain population migration. Meanwhile, Cadwallader (1994:7) explains that the population will move to areas that have excess capital, but lack energy. In this case, it can be said that population mobility or migration is related to employment opportunities in the minus origin and surplus destination countries.

Neoclassical economics theory, both macro and micro, gives more attention to differences in wages and working conditions between regions or between countries, as well as costs, in one's decision to migrate (Massey, et al., 1993). On the other hand, the flow of new economics of migration emphasizes that the decision to migrate is not solely an individual decision, but is related to the surrounding environment, especially the family environment. In addition to economic factors, there are several non-economic factors that also influence the flow of migration across countries. As stated by Hatton and Williamson (2005: 19), the factor of friends and relatives also plays an important role in determining decisions for someone to migrate. The opinion of Castles and Loughna (2005: 62) also reinforces that factors of family, family, and ethnicity of the population become important determinants of the process of migration across countries.



## **Cross Border Trade**

The border is always vulnerable and needs to be protected and strengthened, not only against military invaders but increasingly against law evaders (Van Schendel, 2000). Definition of border areas according to Law no. 26 of 2007 (in Suprayoga Hadi, Bappenas, March 2010), is a regency / city area directly with neighboring countries and / or the high seas. The country's border area includes the land border area and the sea border area including the outer small islands. Border trade, in general, refers to the flow of goods and services across the international borders between jurisdictions. In this sense, it is a part of normal legal trade that flows through standard export / import frameworks of nations. However the trade border specifically refers to the increase in trade in areas where crossing borders are relatively easy and where products are significantly cheaper in one place than another, often because of significant variations in taxation levels on goods such as alcohol and tobacco ([https://en.wikipedia.org/wiki/Border\\_trade](https://en.wikipedia.org/wiki/Border_trade)). In addition, cross border trade is the buying and selling of goods and services between businesses in neighboring countries, with the seller being in one country and the buyer in the other country (<http://www.businessdictionary.com/definition/cross-border-trade.html>).

Therefore, the Border Trade Agreement (BTA) which was formed and agreed between the Indonesian government and the Malaysian government on August 24, 1970 set several principles; including the understanding of cross-border trade, cross-border actors as well as the type and value of goods / products. In addition, BTA also limits the minimum transaction value for two border communities, that is, they are not allowed to shop more than 600 Malaysian ringgit each time a transaction.

## **Research Methodology**

Data collection techniques and tools used to obtain information on cross-border migration of Indonesian traders in the Jagoi Babang border region with Serikin, East Malaysia, namely in-depth interviews and observations. This in-depth interview was aimed at Indonesian traders who traded in Serikin Market, Sarawak, East Malaysia. In addition, in-depth interviews were also conducted with the village head of Jagoi Babang. Indonesian Immigration post officer at Jagoi Babang. Observations were also made to see and study the real situations and conditions related to Indonesian traders when crossing borders and when they carried out trading activities with Malaysian citizens in the Serikin Sarawak market, Malaysia. Then, the results of in-depth interviews and observations were analyzed with a qualitative descriptive approach.

## **Result and Discussions**

### **Cross border migration pattern of Indonesian Traders**

According to several theories previously mentioned, the main reason for international migration and cross border migration is the economic disparity between countries. Another cause of migration is as stated by Faist Thomas (2016) is that cross-border migration is a visible reflection of global inequalities. These reasons contribute to the increase in the number of migrants in the world. Reasons for the significant increase in people's mobility around the world include globalization, low transportation costs, economic pressures, demographic trends (specifically, ageing societies worldwide and youth bulges in developing countries), environmental degradation, and violence and human rights abuses (IOM, 2013).



Indonesian economic pressures and low transportation costs are also factors driving Indonesian to conduct activities in the Serikin Market which located in Sarawak, East Malaysia. The market is only about 15 minutes by land transportation from Jagoi Babang. According to information received from Indonesian traders said that almost all they practiced non-permanent migration patterns. However, there are differences in the travel documents used by Indonesian traders from the Jagoi Babang border area and traders from outside the border. The traders who come from the border were only enough to use the Cross-border Pas Card (PLB). Whilst, those who came from outside the border area of Jagoi Babang such as Pontianak, Singkawang, Sambas, Sintang and Sanggau must bring a travel certificate from the immigration post in Jagoi Babang as a companion to the Cross-border Pass Card

### **Opportunities**

Conceptually, the status of Indonesian traders is categorized as immigrants because they immigrate out of Indonesia's territorial territory. This is consistent with the statement from Sachleben (2014) that Immigration usually refers to the movement of people into a territory that is not their own, primarily for economic purposes. Moreover, Ghatak, Levine and Wheatley Price (1996) explained that migration impacts welfare, not only reducing the number of the workforce but also changing the composition of skills within it. In addition, Faist Thomas (2016), revealed that cross-border migration both constitutes a path to upward social mobility for migrants and tends to reinforce durable inequalities on a deeper level. The second statement is in line with the main objective of Indonesian traders, which is to improve their quality of life both socially and economically.

In fact, there are several profitable opportunities in carrying out trading activities in the Serikin Market. The first opportunity is the first opportunity is to help reduce unemployment in Indonesia. The second opportunity is the availability of trading places that are not utilized by Malaysians. The third opportunity is the large number of buyers (consumers) from Malaysians who shop at Serikin Market. Based on my observation found that almost all buyers of goods / products sold by Indonesian traders were from Malaysia. With a large number of buyers and also a large number of merchandise purchased by Malaysians provides a sizable profit / turnover for Indonesian traders. According to the information obtained, the average net income / profit received by Indonesian traders ranges from 500 to 700 Malaysian ringgit every month. The fourth opportunity, which is quite conducive political conditions and the creation of harmonious relations in the border regions of the two countries, provides a sense of security and comfort for Indonesian traders in conducting economic transactions in the Malaysian territory legally.

### **Challenges**

Based on the results of investigations the researcher in the field found several challenges faced by Indonesian traders who operate in the Serikin Market, Sarawak, East Malaysia, and these are as follows: The first challenge is the road infrastructure that connects Jagoi Babang with Serikin Market, Sarawak, Malaysia is still inadequate. This is evident from my observations that the road used by Indonesian traders to Serikin Market is through a Malaysian palm oil plantation. Nevertheless, the pathway becomes a path that is considered safe and official that must be crossed by border crossers including traders. Even though the road can be traversed by motorcycle and car it is tricky. The second challenge is the unavailability of lodging places for Indonesian traders around the border area of Jagoi Babang, Indonesia. This condition forced Indonesia traders especially who come from out of Jagoi Babang border to stay at stalls which are small in size and really inadequate for their needs. As a consequence, Indonesian traders are required to pay kiosk rentals at a relatively expensive price of 120 ringgit (RM) plus 10 ringgit per month for water and electricity payment.



The third challenge is the provision of fines and sanctions for cross-border traders who violate the rules of traffic national borders. Some Indonesian traders have experienced errors related to the travel administration. A form of violation that is often done by Indonesian traders is the delay in stamping a PLB (Pass over Border) card when returning to Indonesian territory for several days before reselling at Serikin Market. As a result of the delay or forgetfulness of the PLB cards, traders were fined 100 Malaysian ringgit or were not allowed to sell for 1 month by Indonesian border officers. The sanctions are felt to be very burdensome for Indonesian traders because by not selling automatically they do not have income that can sustain the family's economy. Another challenge is that buyers from Malaysia and also tourists are very selective in choosing merchandise sold by Indonesian traders. This means that consumers in this case are very concerned about the quality of goods or products. The quality of the product or merchandise greatly influences the selling value of a product / item.

The last challenge is the existence of fines for Indonesian traders by the Malaysian side if Indonesian traders do not use new weighing devices annually according to standards set by the Malaysian government. In addition, another fine imposed on Indonesian traders is a fine of 100 ringgit for non-compliance in writing down the selling price of his merchandise. The purpose of the Malaysian side requires Indonesian traders to write down the selling price of each item / product so that they are not arbitrary in providing prices. This means that prices must have clearer and more rational standards.

## **Conclusion**

### **Cross border migration pattern of Indonesian Traders**

In general, Indonesian traders who trade in Serikin Market, Sarawak, East Malaysia practice non-permanent migration patterns, namely as commuters.

### **The opportunities and Challenges**

The opportunities for cross-border trading activities carried out by Indonesian traders are; to reduce unemployment, to take advantage of market opportunities that are not exploited by Malaysians, such as tourist markets, availability of buyers from Malaysia in large quantities, conducive political conditions and the creation of harmonious relations in the border regions of the two countries. While the challenges faced by Indonesian traders are inadequate infrastructure such as roads connecting Jagoi Babang, Indonesia to the location of Serikin Market, Sarawak, Malaysia, the unavailability of lodging for Indonesian traders in the Jagoi Babang border area, the provision of fines and sanctions for cross-border traders who violate the rules of traffic national borders, buyers from Malaysia are very selective in choosing merchandise sold by Indonesian traders and fines for Indonesian traders by the Malaysian side if Indonesian traders do not use a new weighing tool every year. These all have adverse effects and require attention for improving the situation.

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