

**THE BATUAN UNARANG DISPUTE AND ITS IMPLICATION FOR
MALAYSIA-INDONESIA BILATERAL RELATIONS**

PATRICIA NIRMALA DANIEL

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**FACULTY OF SOCIAL SCIENCES AND HUMANITIES
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DECLARATION

I hereby declare that the work in this project paper is my own except for quotations and summaries which have been duly acknowledged.

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PATRICIA NIRMALA DANIEL

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ABSTRACT

A plethora of factors have been instrumental in Malaysia and Indonesia fostering close bilateral ties. These include historic, geopolitical, economic, security, blood ties, and a common heritage. During the Cold War era, relations were severed due to the Confrontation which involved armed conflict between them. However, with the demise of the Soekarno regime, the new leadership worked closely with the Malaysian counterpart to reestablish bilateral relations. Since then, the security and economic sectors of these states have developed to become more integrated and interdependent. In the post Cold War era, Malaysia and Indonesia still have issues that emerge from time to time to cause a strain in the relations. Recently, territorial claims between these parties have become an area of concern, particularly after the International Court of Justice decision in 2002 that the sovereignty of Sipadan and Ligitan islands belong to Malaysia. The Batuan Unarang maritime territorial dispute which peaked in early 2005 had both states on alert in preparation for an armed conflict but leaders have opted for a diplomatic solution instead. This research seeks to examine the general ties between Malaysia and Indonesia particularly from 2001 to 2007, so as to study whether the Batuan Unarang dispute had any negative impact on the political, security, and economic dimensions of the bilateral relations. Primary sources including interviews and discussions with relevant persons in the field was used. Secondary sources such as books, journals, newspaper reports and the internet were some of the sources used. The research employed the Idealist theory and the concept of Interdependence to explain the behaviour of these states in addressing matters that are related to the political, security, and economic dimensions of their bilateral ties. It was found that the Malaysia and Indonesia continue to maintain strong bilateral relations. Despite a temporary strain in relations at the height of the Batuan Unarang dispute, the political, security, and economic dimensions remain stable and unaffected to any significant degree. The research has verified the Idealist view that states can cooperate for their common good, choosing diplomacy over armed conflict as the preferred means to settle a dispute.

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