ASEAN’s Once and Future Island Crucible

Abstract

The United States and its allies and partners should increase their focus on Borneo, as Indonesia begins breaking ground on its ambitious project to relocate its national capital to the Indonesian part of the island starting in 2024. The Indonesian government says it wants its new capital, Nusantara, to be environment-friendly, but skeptics fear that the capital relocation project could damage Borneo’s matchless environment, symbolized by primordial rainforests and magnificent orangutans. Regardless, the project is proceeding and, once Indonesia moves its capital, Borneo will become the only island to be the home to national capitals of two different members (Indonesia and Brunei Darussalam) of the Association of Southeast Asian Nations (ASEAN.) For Malaysia too, Borneo will continue to be crucial, as shown by constitutional changes in 2021 affirming the unique status of Sabah and Sarawak as Malaysia’s “Borneo States.” The United States and its partners should continue to collaborate with Brunei, Indonesia, and Malaysia to apply in Borneo the kinds of ideas for enhanced regional engagement outlined by US Secretary of State Antony Blinken in his “A Free and Open Indo-Pacific” speech delivered on 14 December 2021 in Indonesia. Just as China is increasing its investments in Borneo, the United States and its partners should increase their investments and engagements in Borneo, with an emphasis on environmental, economic, and security issues, as a key part of the effort to achieve the strategic ends identified in the February 2022 US Indo-Pacific Strategy: “advance a free and open Indo-Pacific that is more connected, prosperous, secure, and resilient.” At the same time, Brunei, Indonesia, and Malaysia could, if they wished, use the East Asia Summit (EAS) process to arrange in the early 2030s to host the Indo-Pacific region’s leaders—including those of Australia, China, India, Japan, Russia, and the United States—for an unprecedented three summits in five years on Borneo, as a way of highlighting Borneo’s emerging role as a symbol of ASEAN centrality. Historically, Borneo was the island crucible in which ASEAN was forged, as a forward-looking regional diplomatic response to the tensions that had plagued Borneo and the surrounding areas during the Indonesia–Malaysia confrontation or “Konfrontasi” in the early 1960s. Now Borneo is emerging as another kind of crucible, one in which ASEAN’s future will take shape.

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Borneo, the world’s third-largest island, is poised to take on a more prominent international role as Indonesia begins clearing land as part of its project to move its national capital to Kalimantan, the Indonesian part of the island,
starting in 2024. The United States and like-minded countries should use their already strong ties with Indonesia, Malaysia, and Brunei—the three national governments that administer the various parts of Borneo—to help the island meet the formidable environmental, economic, and security challenges it faces. In Secretary of State Antony Blinken’s December 2021 speech at Universitas Indonesia, he noted that the United States is “developing a comprehensive Indo-Pacific economic framework to pursue our shared objectives, including around trade and the digital economy, technology, resilient supply chains, decarbonization and clean energy, infrastructure, worker standards, and other areas of shared interest.” These areas of interest—formalized in the May 23 launch of the Indo-Pacific Economic Framework (IPEF)—are all relevant to Borneo in general and to Indonesia’s new capital project, Nusantara, in particular. As for US allies and partners, Japanese and South Korean investors have already shown interest in Indonesia’s new capital project. The United Kingdom (UK) has long played a role in supporting Borneo’s security, through the UK Gurkha presence in Brunei. The Five Power Defense Arrangements link Malaysia to the UK, Australia, New Zealand, and Singapore.

The catalyst for the increasing international focus on Borneo was Indonesian president Joko “Jokowi” Widodo’s announcement in 2019 that two districts (regencies) in East Kalimantan will be the site of the country’s new capital, while Jakarta will remain Indonesia’s business center. President Jokowi said, “the [new] capital is not only a symbol of our nation’s identity, but also represents our nation’s development . . . for the sake of realizing an equitable and just economy.” Some advantages of the planned site include low risk of natural disasters, a location near the geographic center of Indonesia, proximity to existing cities, and government ownership of large amounts of land (up to 180,000 hectares or about 445,000 acres) in the new capital area. Advocates argue that if the plan is executed well—“putting people at the heart of the process, capturing the increase in land value, and creating a trustworthy governance structure”—then the new capital could be “a model for urban development elsewhere in Indonesia.”

A project as massive as relocating a national capital, however, will never be easy. The Indonesian National Development Planning Agency (Bappenas) estimated in September 2021 that, including all requirements, the construction of the new capital city could take 15 to 20 years. Nevertheless, the Indonesian government affirmed in November 2021 that it is moving ahead with its plan, with the target of relocating its capital to Borneo starting in the first half of 2024. The idea is reportedly to celebrate Indonesia’s National Day on August 17, 2024 at the planned new presidential palace in Nusantara. The head of Indonesia’s investment board, Badan Koordinasi Penanaman Modal (BKPM), was even quoted as saying that the government is evaluating how to make the new capital its candidate city—Indonesia had previously submitted...
a bid for Jakarta—to host the 2032 Olympics. Indonesian officials have pledged to proceed in an environmentally responsible manner and then-Minister at Bappenas Bambang Brodjonegoro told Channel News Asia in 2019 that “the motto of the city will be Smart, Green and Beautiful. A green city will be at the heart of our plan.”

Current Bappenas Head Suharso Monoarfa has welcomed international investors to invest in “clean water supply, affordable and environmentally friendly power plant, and other sectors” related to the new capital project. Although SoftBank CEO Masayoshi Son indicated in March that SoftBank would not be investing, Sheikh Mohamed bin Zayed Al Nahyan, president of the United Arab Emirates (UAE) and ruler of Abu Dhabi, will be part of the new capital’s steering committee and UAE funding for the project is expected. In July 2022, the leaders of Indonesia and the Republic of Korea (ROK) updated a 2019 agreement, laying “the groundwork for (ROK) companies to actively contribute to building the new Indonesian capital’s infrastructure, electronic government and smart city systems,” ROK president Yoon Sook-yeol told the press.

China and the UAE are already stepping up investments elsewhere in Kalimantan. Reuters reported in December 2021 that “Indonesia started construction . . . of a new industrial estate on Borneo island, which officials said aims to use hydro-power for plants producing items including semiconductors, lithium ion batteries, solar panels and aluminium products. Located in North Kalimantan (the new capital will be in East Kalimantan) . . . the estate will span 30,000 hectares (74,132 acres) and include investment from China and the United Arab Emirates, President Joko Widodo said during a ground-breaking ceremony.”

Once Indonesia moves its capital, there will be, for the first time, two different national capitals of ASEAN nations (Indonesia and Brunei) on the same island. Borneo will also continue to be vital to Malaysia, whose December 2021 constitutional changes highlighted the unique status of Sabah and Sarawak as Malaysia’s “Borneo States.” Sarawak will play a role in helping Indonesia build its new capital, Sarawak Premier Datuk Patinggi Tan Sri Abang Johari Tun Openg told the press. Meanwhile in Indonesia, it is not yet clear whether foreign embassies will eventually follow the Indonesian government from Jakarta to Borneo. As for the ASEAN Secretariat, the Jakarta Post reported that “although Indonesia is planning to move its capital from Jakarta to Kalimantan, the ASEAN headquar ters would remain in Jakarta, ASEAN Secretary-General Lim Jock Hoi has said, likening the city to New York, where the United Nations is seated. ‘This is news for all of us that [Indonesia] will be moving the capital to Kalimantan, but as far as ASEAN is concerned the ASEAN Secretariat will not move to Kalimantan because we just got a new building,’ he said . . . ‘and we believe that Jakarta will be the capital of ASEAN.'”

Jakarta, however, faces its own problems, including overcrowding, poor air quality, and heavy traffic. Built on a swamp and facing
rising sea levels, Jakarta has been described as “the fastest sinking city in the world,” and some researchers believe it could be “entirely submerged by 2050.”

As Indonesia relocates its capital away from Jakarta, Indonesia, Malaysia, and Brunei could choose to highlight Borneo’s changing role by using the East Asia Summit process to arrange, in the early 2030s, to host the Indo-Pacific region’s leaders—including those of Australia, China, India, Japan, Russia, and the United States—for an unprecedented three summits in five years, all on Borneo. There could always be EAS scheduling changes in the future, but if the 10 ASEAN countries host the EAS in the normal alphabetical order in the years ahead, then Brunei could host the EAS in Brunei’s capital, Bandar Seri Begawan, in 2031; Indonesia could host in Nusantara in 2033; then Malaysia could host in Sabah or Sarawak in 2035. (There are precedents—like the 2011 EAS, which was held in Bali rather than Jakarta—for a nation’s hosting the EAS outside its capital city.) Through the EAS, the three governments on Borneo could showcase the island as a symbol of ASEAN centrality. Although there may be no universally accepted definition of ASEAN centrality, the general idea that ASEAN should somehow play a central role in the Indo-Pacific regional architecture garners broad international support, at least rhetorically. As Amitav Acharya has noted, assertions of centrality serve ASEAN’s interests by affirming the grouping’s ongoing relevance, while allowing non-ASEAN players (like the United States and China) to engage in Southeast Asia in a manner that does not threaten nationalist sentiments in Southeast Asia and that does not require trusting a non-ASEAN power to play the central regional role. Secretary Blinken, in his December speech, noted that “ASEAN centrality means we will keep working with and through ASEAN to deepen our engagement with the region all the more, given the alignment between our vision and ASEAN’s outlook on the Indo-Pacific.” A sustained US focus on Borneo as an ASEAN island could emphasize the US commitment to ASEAN centrality.

Collaborating to strengthen Borneo’s role as an island symbol of ASEAN centrality will involve environmental, economic, and security dimensions. In the environmental area, skeptics fear that the capital relocation project could harm Borneo’s rainforests. The United Nations Environment Program (UNEP) noted in 2019 that “the forests of Borneo, home to orangutans, clouded leopards and pygmy elephants, are among the world’s most biodiverse ecosystems. But in the last century, [Borneo] has lost a significant portion of its forests to fire, illegal logging and the expansion of palm oil and pulpwood plantations. Only half its forest cover remains today, down from 75 per cent in the mid-1980s. Oil palm plantations are the main driver of deforestation in Borneo.” Conservation efforts and lower palm oil prices through 2020 generally slowed deforestation in Borneo in recent years, but future prospects are murky. The Indonesian govern-
ment declined in September 2021 to renew a moratorium on palm oil permits, although top officials have reportedly said they would not renew such permits.\textsuperscript{25} Meanwhile, palm oil prices have been volatile in 2021 and 2022.\textsuperscript{26} Also, Borneo’s indigenous communities could face pressures from incoming migrants. According to the Indonesian Cabinet Secretariat website, Indonesia has 1.4 million civil servants working for the central government and, with all their family members combined, there will be around 6–7 million people moving to the new capital.\textsuperscript{27} The current population of East Kalimantan is estimated at a mere 3.5 million.\textsuperscript{28}

In the economic realm, a common challenge facing the three governments on Borneo will be diversifying economies that have traditionally been based on resource extraction. The areas of the Philippines that neighbor Borneo face similar challenges. In this context, the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) is, according to Prashanth Parameswaran, . . . one of the key examples of ASEAN subregional cooperation . . . an initiative set up in 1994 to promote economic ties which consists of four ASEAN countries: the entirety of Brunei; Palawan and Mindanao in the Philippines, the states of Sabah and Sarawak and the Federal Territory of Labuan in Malaysia, and ten provinces on the islands of Kalimantan, Sulawesi, Maluku, and Irian Jaya in Indonesia. . . . Under BIMP-EAGA Vision 2025 (BEV 2025), there is a commitment to create a resilient, inclusive, sustainable, and economically competitive BIMP--EAGA (R.I.S.E. BIMP-EAGA) to narrow the development gap, with priority areas such as green manufacturing, fisheries, tourism, and agriculture.\textsuperscript{29}

Brunei, Indonesia, Malaysia, and the Philippines are all participants in the Indo-Pacific Economic Framework and, in this context, the United States and its other IPEF partners should increase cooperation with the four BIMP-EAGA countries to promote investment and economic diversification in Borneo and the Philippines.

In terms of regional security issues, Borneo’s challenges tend to involve the South China Sea (SCS) to the north and the Sulu and Celebes Seas to the northeast and east. In the SCS, Brunei and Malaysia sorted out their own disputes involving exclusive economic zones (EEZ) through a 2009 exchange of letters. Still, China’s SCS nine-dash-line, the intended meaning of which remains ambiguous, lies near the EEZs of Malaysia and Brunei. Reports regularly emerge of Chinese assertions in the SCS involving fishing boats, maritime militias, maritime survey vessels, Coast Guard activities, and military operations. The BBC reported in June 2021 that Malaysia said it would “summon China’s ambassador after 16 Chinese military aircraft flew over disputed waters off its eastern state of Sarawak. Fighter jets were scrambled to intercept the transport planes on Monday after detecting ‘suspicious’ activity over the South China Sea. Malaysia’s foreign ministry described the manoeuvre as a ‘serious threat to national sovereignty.’ China, however, said its air-
craft had abided by international law.”30 As for Indonesia, it does not consider itself a SCS claimant, but Jakarta has reportedly faced pressures from China involving the Natuna Islands to the northwest of Borneo.31

In the security realm, the United States and its partners can help the governments on Borneo by continuing to conduct exercises with them, like the 14-nation Indonesian-led Super Garuda Shield32 in August 2022. Washington and its partners can also support maritime domain awareness efforts by the governments on Borneo by means including the US-Australia-India-Japan Quad-backed Indo-Pacific Partnership for Maritime Domain Awareness (IPMDA.)33 It is important that the United States and like-minded countries also continue to make clear their support for the 2016 Hague Permanent Court of Arbitration conclusion that “to the extent China had historic rights to resources in the waters of the South China Sea, such rights were extinguished to the extent they were incompatible with the exclusive economic zones provided for in the Convention (the UN Convention on the Law of the Sea).”34 US and other freedom of navigation operations (FONOP) challenging excessive claims in the SCS also strengthen the hands of the governments that are harmed by such claims, including US ally the Philippines, Borneo’s eastern neighbor. Outside the SCS, the United States and like-minded countries should continue to support efforts by the Philippines, Indonesia, and Malaysia in the Sulu and Celebes Seas to improve cooperation on maritime enforcement and to promote economic development in coastal communities to address security challenges involving incursions, kidnappings, and wildlife trafficking.35

In areas including security, the economy, and the environment, Borneo and ASEAN will face arduous challenges in the years ahead. The United States and its partners should increase their investments and engagements in Borneo as a key part of the effort to achieve the strategic ends identified in the US Indo-Pacific Strategy: “advance a free and open Indo-Pacific that is more connected, prosperous, secure, and resilient.” As the United States steps up engagement with Borneo, it will be useful to bear in mind that dealing with difficult challenges is nothing new for Borneo, or for ASEAN. Against a historical backdrop of British and Dutch colonialism in Borneo and local resistance to foreign domination, Imperial Japanese militarism swept over Borneo during World War II. In the wake of Imperial Japan’s defeat, Indonesia won its full independence in 1949. By the early 1960s, Indonesian president Sukarno was opposing as a “colonialist project”36 the UK-proposed establishment of the Federation of Malaysia. Indonesian opposition to the proposed Federation of Malaysia—which might at the time have included Brunei— influenced the failed Brunei Revolt of 1962.37 After the Federation of Malaysia was established in 1963, Sukarno’s Indonesia pursued its Konfrontasi policy toward Malaysia and, in the same period, tensions flared be-
tween the Philippines and Malaysia over claims to Sabah by the Philippines. After Sukarno lost power in 1965–1966, however, tensions on Borneo eased and the Konfrontasi ended.\(^{38}\) The post-Konfrontasi era created the conditions for regional mediation efforts and eventually for the establishment of ASEAN in 1967. As the ASEAN website notes in a 1997 article on ASEAN’s founding,

It was while Thailand was brokering reconciliation among Indonesia, the Philippines and Malaysia over certain disputes that it dawned on the four countries that the moment for regional cooperation had come or the future of the region would remain uncertain. Recalls one of the … protagonists of that historic process, Thanat Khoman of Thailand: “At the banquet marking the reconciliation between the three disputants, I broached the idea of forming another organization for regional cooperation with [Indonesia’s] Adam Malik. Malik agreed without hesitation but asked for time to talk with his government and also to normalize relations with Malaysia now that the confrontation was over.”\(^{39}\)

Borneo was thus, in an important sense, the island crucible in which ASEAN itself was forged in the early 1960s. Today, Borneo is emerging as another kind of crucible for ASEAN: one in which the association’s future will take shape. ASEAN as a whole, like Indonesia’s new capital project, will either meet, or fail to meet, high expectations that its future will be smart, clean, and green. The United States and its partners can and should help Borneo and ASEAN tip the balance in the right direction, a direction that reinforces ASEAN centrality and, in the process, advances a Free and Open Indo-Pacific.

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**Notes**


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