# The State Existence in Cross-Border Trade Policy Implementation in Jagoi Babang Region in Indonesia

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## Abstract

Borders are very vulnerable locations governments need to critically secure. These strategic positions are particularly prone to various smuggling operations, apart from demonstrating significant economic development. The purpose of this study was to analyze the state existence in cross-border trade policy implementation in Jagoi Babang, in Indonesia, Qualitative research technique was adopted, using data from interviews, observations, and focus group discussion, followed by a qualitative assessment. The analysis results indicated a poor performance in terms of the overall study objective, due to inadequacies in certain aspects of the policy enactment. Based on available data from Customs and Excise Supervision and Service Office Type Madya Pabean B Pontianak, 338 smuggling cases were reported in 2019 along the land border regions of Jagoi Babang, Bengkayang regency. These events were attributed to insufficient patrol personnel from the above mentioned unit responsible for guarding the border crossing post. In addition, the number of unofficial routes or obscured paths, inadequate infrastructure development, as well as the depreciating condition of the cross-border checkpoint greatly contributed to these unfortunate occurrences. Furthermore, the use of sophisticated electronic and computerized equipment remains very insignificant. Therefore, the government is expected to improve on its effort in developing border areas, including Jagoi Babang, by initiating functional programs and activities.

Key Word: State Existence, Policy Implementation, Cross-border Trade

## INTRODUCTION

West Kalimantan in Indonesia shares a land and sea border with Sarawak, Malaysia [1]. Several sub-districts in direct proximity include, Sambas, Bengkayang, Sintang and Bengkayang. In addition, Jagoi Babang appears as the third farthest distance from the Regency city after Siding and Sungai Raya. This location currently comprises six villages, termed Gersik, Semunying Jaya, Jagoi, Sekida, Kumba and Sinar Baru. However, out of these communities, Sinar Baru [2]is described as the most extreme from Jagoi Babang District Government Office[3]. Meanwhile, the closest refers to Jagoi, and exists in the sub-district center. Geographically, Kecamatan Jagoi Babang is located at latitude 1 ° 15'16 "LU-1 ° 30'00" LU and longitude 109 ° 34'35 "BT-109 ° 59'27" East. In addition, the administrative boundaries include the North bordered by Sarawak State-East Malaysia, south with Seluas, East with Siding and West with Sambas districts [4, 5].

Border management policies appear very important, sensitive and complicated [6]. These complexities demand a proactive government to pay attention to the views and provisions of key actors and consistent interest in safeguarding sovereignty, population and territory. In nature, boundary regions generally demonstrate significant natural resource potentials and market opportunities, due to close proximity to neighboring countries. The conventional border definition refers to a demarcation between two sovereign states and was initially formed by individual country's birth[7]. Previously, residents in certain settlements did not observe any considerable difference, despite similar origination and ethnicity. However, state emergence instigated separation into various nationalities. Furthermore, the determination of regional borders (BorderZone) is conducted in accordance with the provisions of international law[8].

The nature of policy implementation occurs by initially filtering (befiltered) through executors' perceptions[9]. However, three kinds of response elements are known to influence policy implementation capacity and readiness. The first instrument involves the knowledge, understanding and comprehension of the strategy, while the second obtains the response direction in terms of either acceptance, neutrality, or rejection, and the third demonstrates the intensity[10]. Transnational organized crime (TOC) is an structured criminal group operating beyond national borders. The term "Transnationalism" was used originally in the early 20th century to describe a modern approach to comprehending the relationship between cultures. This concept also relates to a growing social movement due to increased interconnectivity between humans across the globe and the fading of national borders [11].

One predominant crime is drug smuggling in West Kalimantan, a direct land border route with Malaysia[12]. The proximity of the region to this neighboring country shows a great potential for the above illegality. In 2019 news reports in Pontianak Pos, West Kalimantan Police Chief reiterated the existence of 23 unofficial routes (rat roads) along the Indonesia-Malaysia border. Based on the mapping of National Narcotics Agency (BNN) of Bengkayang regency, West Kalimantan, 29 hot spots for drug trafficking were also reported, with the most central point around Jagoi Babang border area, directly adjacent to Sarawak, Malaysia[13].

The TOC phenomenon continues to expand, and therefore requires intense attention [14]. These events in the form of human trafficking, piracy, cyber crime, terrorism, drug trafficking, money laundering, arms smuggling, and various international economic crimes, are fast developing and have been identified as a modern security threat [15, 16]. Basically, no country is free from this menace, although certain factors influence the occurrence, including vulnerable state and a defined geographic location. For instance, Indonesia's strategic position and archipelagic nature with extensive and open borders, shows a great potential as an operational base for transnational crime groups.

There are several main characteristics of transnational crimes, including the complex-to-solve segment with purely legal investigation, the category involving networks in several countries and motivated by promising powers and benefits. This tantalizing advantage simplifies the recruitment of local players, due to interests[17]. Based on the concepts of TOC and overcoming crime in border areas, illegal exploitation adopts structured and group approach in conducting activities and achieving set objectives. However, the criminal operations occur in border regions and are included in non-traditional external security threats.

Transnational offense is commonly defined in relation to four aspects, including crime committed outside a single state, and preparation, planning, directing and monitoring conducted in other nations, involving organized crime groups across countries, as well as severe impact beyond borders [18]. Also, security appears as a state-related concern, while TOC targets a particular level (human safety). Therefore, the group activities tend to bring the state and society in a position of mutual dialogue.

This circumstance also causes threats in every dimensions and similarly relates closely to individual security. Furthermore, the increasing dynamics of human and commodity flow across borders are believed to trigger the social interaction of global communities, with possiblie surge in transnational crimes, both in terms of perpetrators, modus operandi, operational interests, proceeds, as well as various forms and mobility [19, 20].

During the 1997 Manilla declaration in Philippines, ASEAN agreed to classify transnational crimes, based on money laundering, terrorism, illegal drug trafficking, arms and people smuggling, as well as piracy [17]. The offenses exhibited distinct characteristics, including, laundering money from illicit trade originating from either criminal activities or infiltrated in legitimate economic pursuits, expanding operational networks abroad, and collaborating with other TOC groups. This distribution was aimed not only at groups with political interest, e.g mafians, cartels, but for economic benefits. Transnational crime poses a significant threat to security and economic development, and is also an activity executed by non-state professional perpetrators, with high courage and loyalty to international and national market groups or networks[1, 18].

According to a high level meeting of the UN General Assembly on June 17, 2010, UN Secretary General Ban Ki-Moon categorized certain illegalities as transnational organized crimes[21], including money laundering, corruption, human trafficking, migrant smuggling as well as the production and illicit trade of firearms. The convention also recognized the close connection between TOC and terrorism, but with very distinct characteristics. However, drug trafficking was not considered, but was also grouped as TOC and fully regulated in the three drug-related conventions prior to UNTOC signing. Furthermore, ASEAN action plan to combat these crimes (ASEAN-PACTC) described 8 offense types within the cooperation scope, termed illicit drug trafficking, human trafficking, sea piracy, arms smuggling, money laundering, terrorism, international economic and cyber crimes[16]. Eventually, other transnational crimes addressed jointly in a multilateral framework became possible to occur, including theft and cultural artifact smuggling, human organ trafficking, environmental misconduct (illegal

or the inherent communities, including low education levels, insufficient skills, poor asset ownership (land, other productive goods), vulnerable social capital and so on, form the internal indicators. Meanwhile, external factors, among others, stem from the social system to potentially create structural inequalities, resulting to problematic situations, including unfavorable opportunities and regulations. Several transnational crimes occur in cross-border trade, particularly in West Kalimantan province, and are believed to influence the Indonesian state. Under these conditions, the present paper is aimed at analyzing the state existence in cross-border trade implementations, particularly in Jagoi Babang region, Bengkayang regency, West Kalimantan province.

#### **METHOD**

This study employed a qualitative approach, and the respondents were Customs officials, Regional Border Management Agency, National Unity and Community Protection Agency and Jagoi-Babang community leaders. Also, purposive sampling technique was applied on the basis of the research objectives with certain considerations, including the provision of accurate information about particular smuggling cases on the Indonesian-Malaysian border and subjects relevant to the cross-border trade process, specifically in research location. The data collection involved the use of interviews, observations, as well as focus group discussion, and were subsequently analyzed by applying data triangulation, in a bid to validate the generated information.

#### **RESULT AND DISCUSSION**

#### Illegal Trade in the Jagoi Babang Indonesia-Malaysia Border Area

Based on certain literatures, poverty and underdevelopment appear as the primary challenges of border communities. These conditions instigate high involvement in illegal business activities, including other unlawful operations related to politics and security. Access to border regions frequently complicate issues of sovereignty with territories. For this reason, "security approach" requires the reformation to "prosperty approach", intended to improve welfare conditions. Possibly, the border community tends to develop a more robust sense of national identity as part of the Republic of Indonesia. Moreover, the population of Jagoi Babang district at the end of 2018 was estimated as 16,940, comprising 8,501 men and 8,439 women.

This circumstance forms a crucial concern from a legal perspective. Prohibited goods entering Indonesian territory through the border, include textiles, cellphones, food, drinks, used clothes, down to basic daily necessities. The commodities gained unlawful access through the Jagoi Babang land border, and therefore referred as smuggling. Despite official entry/exit points in these locations, illegal trading continues to occur, particularly in Jagoi Babang area, within customs jurisdiction. Based on 2019 data from Customs and Excise Supervision and Service Office (KPPBC) Type Madya Pabean B Pontianak, 338 smuggling cases in Jagoi Babang border region, Bengkayang regency. Also, illegal commodities entering Indonesian territory through this perimeter, are mostly sugar, rice, corn and beverages.

Smuggling by unscrupulous community members in the above mentioned border are actually subject to criminal sanctions, based on the provisions of Law Number 17 of 2006 concerning Amendments to Law Number 10 of 1995 concerning Customs. However, in reality, none of the perpetrators have been prosecuted, probably due to inadequate security personnel guarding the border crossing post (entry/exit point) in Jagoi Babang border area, number of unofficial lanes or mouse roads, where approximately 9 points are hilly areas and community-owned oil palm plantations, poor infrastructure development, as well as the cross-border checkpoint (PPLB) conditions, without the use of adequate electronic and computerized equipment. In addition, Waga indigenes were arrogant towards these security officers.

Based on previous research observations, Jagoi Babang appears directly adjacent to Malaysia, and is highly prone to smuggling activities. The problem of this border is perceived from the economic factor instigating gaps between the residents of Indonesia-Malaysia borderlines and low community welfare, where the smuggling of illegal Indonesian workers, food staples, drugs, vehicles and so on, are common occurrences. However, the dependence on certain needs to achieve possibly generated various means for smuggling at low prices and large profits. As stated by the Customs and Excise Officer:

"In fact, there is no legislation prohibiting cross-border trade in sugar between Indonesia and Malaysia, but basically the purchase of goods must be in accordance with the system and procedure. At the border There is a policy from the government through cross-border passes for people around the border. Through this card, people can shop in Malaysia to fulfill their daily needs".

Relaxing cross-border checks encourages illegal entry of goods, due to easy access and poor supervision by both countries. For instance, Jagoi Babang border, does not have an official gate, but a mere cross-border post. This allows effortless entrance of commodities to Indonesian territory, not to mention several "rat pathways" exist as alternative smuggling routes, particularly through oil palm plantations as well as other arrangements.

The lax inspection at the boundary gate or post lintas at Jagoi Babang border opens wide opportunities for drug trafficking syndicate to launch operations from Jirank to Indonesia. This location appears very vulnerable, based on several available illegal "rat tracks". As a minimum, about 8 points of these routes connect Malaysia and Indonesia by foot, without any military presence or document checks. Therefore, the loose regional security has become a big "PR" for the country, and with a continuing situation, several additional problems are possible to emerge. Furthermore, illegal drug trafficking uses various methods to successfully escape security inspection.

These perpetrators attempt to bypass official cross-border doors on the grounds of shopping, medical treatment, meeting family, or tourism. Current smuggling concerns appear increasingly important, due to diverse activities. Therefore, more stricter criminal sanctions are also required, in addition to administrative and disciplinary actions, as smuggling undervalues a country's economy. An interview with the Chairman of National Unity and Community Protection Agency highlights:

"The main problem with underdevelopment in border areas is the direction of regional development policies, which have tended to be" inward looking "oriented, so that it seems as if the border area is only the backyard of state development. As a result, border areas are considered not priority development areas by the central or regional governments. "

These indigenous leaders function as a bridge between government and the community towards the developmental program implementation. As a consequence, the government tends to foster intense communication with this group, and consciously appoints certain traditional elders as informal elites. As stated by the Jagoi-Babang (AD) community leader:

"It is hoped that the local government will not be able to ignore community leaders and traditional leaders and as far as possible build good relations with them. government programs are more effectively implemented, but also do not deviate from the aspirations of the community and gain cultural legitimacy. Of course, with the legitimacy of the traditional elders for the movement of the wheels of government and development, as a result, efforts to demonstrate the existence of the government in particular and Indonesia in general can be carried out".

The Jagoi Indonesia-Malaysia border area in West Kalimantan is prone to smuggling of illegal goods, including sugar, used clothes, food and milk. Based on observations, several warehouses storing sugar, cooking oil and other items, were also discovered. Subsequently, the commodities are transported from Malaysia without a clear permit, resulting in a very affordable selling price. For instance, in [23], the confiscated materials by the authorities include 1,024,193 packets of cosmetics and medicines, 4,350 packs of foodstuffs, 774,036 vehicle parts, and 48,641 electronic gadgets. However, the contraband was conveyed by a large truck, and the vehicle was also seized by the police. The value of the confiscated evidence extended to Rp. 67 billion. These syndicates move goods from China to Malaysia through the Pasir Gudang port, Johor, before relaying to Kuching, Sarawak, where the commodities are transported in small trucks via a rat road to the Indonesia-Malaysia border at Jagoi Babang.

This research relies on effective management and coordination of border regions in analyzing the prevailing problems. Institutions responsible for these objectives appear very overlapping, and the number of these ministries/agencies with authority in border management are estimated at 26. However, after 2010, efforts to improve the performance of border area managers, were enhanced by the establishment of National Border Management Agency. In Article 3 of the Presidential Regulation of the Republic of Indonesia Number 12 of 2010 concerning the National Agency for Border Management, the body is tasked with the determination of border development program policies, budget requirements, coordinating implementation, and conducting evaluation as well as the supervision of state border management.

### Factors Causing the Occurrence of Smuggling Activities at the Jagoi Babang Border

Previous research observations showed no integrated system in field implementation, indicating the use of scattered special divisions. The government is expected to extensively develop border areas, including Jagoi Babang, by designing useful programs and activities. For this reason, every potential initiative needs to be equipped with intensive and continuous guidance, commencing from community preparation, technical guidance, and the support on the utilization or performance marketing. As reported in Pontianak [24], drug smuggling into West Kalimantan through the border route continues to exist. Several borderlines within this territory are without official gates, including Bengkayang, Sintang, Kapuas Hulu and Sambas regencies. However, the absence of an official cross-border control is believed to be responsible for the rampant illegal drug trafficking.

However, with partial implementation, policies on border issues remain ad-hoc, and are conducted by separate agencies, e.g. immigration, customs. Previous study observations did not show any integrated system in field implementation, indicating the use of scattered special divisions. Further findings reported several licensing bureaucracies with lengthy and complicated processes and have also become an avenue for government officials to charge extra fees. Any form of protest, attracts possible detention of goods. The objectives of management of state borders and surrounding regions are to improve human resource quality, develop local economy, realize community empowerment including remote indigenous settlements, increase available infrastructure e.g defense and security facilities, organize spatial planning, promote investment activities and potential resource utilization, as well as expand local government capacity and also related SKPD in managing border areas.

The local economy is unable to experience significant development without resolving isolation issues. Also, the availability of infrastructure is not known to increase, without adequate road network. These provisions are necessary to create enhanced conditions for communication within the border management agency and other similar structural units. However, significant efforts to overcome smuggling are faced with obstacles, including insufficient community participation, despite the massive media publications on the negative effects. Also, the community feels passive, as quality goods are bought very cheaply. Most Indonesians continue to prefer foreign items, although these commodities are actually of lower quality, compared to local products. This preferential factor creates opportunities or stimulate importers in Indonesia and exporters abroad to engage in smuggling.

Originality appears as an important mechanism in legal research. As a comparison, the present study has never been previously conducted. The authors are in search of several reports, including the investigation on Indonesian-Malaysian border with a discussion of different problem formulations as follows:

1. The Phenomenon of Drugs Trafficking in the Border Area of Jagoi Babang Indonesia-Malaysia, West Kalimantan, Indonesian Journal of Sociology I, vol. 6. Year 2020. Bulletin of Economic Studies, Vol. 22 No. 2, August 2017, Padjadjaran University and Tanjungpura University written by Nikodemus Niko1, Desca Thea Purnama. The purpose of this study was to analyze the developments on drug trafficking along Indonesia-Malaysia border in Jagoi Babang, Bengkayang regency, West Kalimantan. In addition, the primary data was obtained from field observation, while online assessment of scientific journals and trusted news formed the secondary data. However, the monograph data was acquired from Jagoi Babang district. Based on the results and analysis, the border area remains very vulnerable to drug smuggling activities. Furthermore, poverty appears as a major factor instigating the engagement of local residents in this illegality. Also, limited security in cross-border posts and several rat routes in Jagoi Babang region greatly contributed to the rampant drug trafficking. 2. Border Management and Inter-ethnic Relations in Bengkayang, written by Cahyo Pamungkas, in 2018, Indonesian Institute of Sciences, Tanjungpura University. The purpose of this study was to analyze border management and inter-ethnic relations in Bengkayang. This article is the product of 2015 field research in Bengkayang regency, West Kalimantan. Based on the results, the political security approach adopted in exploring border issues was not in accordance with the dynamics of inter-ethnic community relations. However, the cultural dimension was often overlooked in the analysis of border management politics, as state borders are conventional perceived as political boundaries. Keywords: land borders, politics.

3. Indonesia-Malaysia Bilateral Cooperation: A Study on Malindo Social and Security in the Construction of a Cross-Border Inspection Post in Jagoi Babang. Bengkayang Regency, West Kalimantan, by [25], Mulawarman University. The purpose of this study was to determine the role of Indonesia-Malaysia bilateral organization in border development by exploring the prevailing problems of the Sosek-Malindo technical team. (1) Indonesian-Malaysian bilateral organization, particularly in socio-economic issues, serve as a priority for Malaysia, due to the unprofitable nature, socially and economically. (2) The diplomacy has not been optimal. (3) Inadequate government commitment to the development of PPLB Jagoi Babang (4) The existence of an outstanding boundary problem (OBP). This research conclusion, especially in the construction of Jagoi Babang cross-border checkpoint, reiterates the need for a more proactive government commitment in resolving the OBP, participating in Malindo Social Security forums, and optimizing diplomacy, in order to ensure the prospective checkpoint as a major priority for Malaysia. Furthermore, the dissertation research proposes a concept, aimed at strengthening bilateral cooperation in Sosek Malindo through "wider participation", where NGOs and civil society serve as important actors, apart from the government.

4. Informal Border Trafficking in Malinau and Sarawak Regencies, Malaysia, by Syachrumsyah Asri1, Muhammad Nizar Hidayat. Research and Development Senior Researcher of East Kalimantan Province. This research reveals and describes the nature of cross-border trade and the implications in enhancing community welfare in Malinau regency, East Kalimantan, specifically in border villages.

5. Strategy of Optimizing Cross-Border Trade between Indonesia and Malaysia to Improve the Welfare of the People of Sebatik Island, Nunukan Regency, by Mahendra Putra Kurnia, Faculty of Law, Mulawarman University. The development of a prosperous society is every nation's responsibility, including Indonesia. Sebatik Island, Nunukan regency is one of the areas bordering Tawau city, Malaysia. However, in order to create a successful Sebatik community, a strategy to optimize cross-border trade, in terms of welfare and equality becomes very necessary.

6. The Significance of the State's Role in the Development of Entikong Cross-Border Posts During the Reign of Joko Widodo, By Triesanto Romulo Simanjuntak. Border surveillance around Entikong or Balaikarangan, was not built similarly as Serinai, Kuching, where extraordinary capital power influenced the construction. The border area is undergoing a significant transformation, particularly as the initial effort in the last 70 years of Indonesia's independent. This is indicated by the expansion of surrounding roads and major repairs of government buildings.

7. Cross-Border Trade between Indonesia and Malaysia (Case Study in Badau District, Lubok Antu District), by Habibatul Aula, Firsta Rekayasa Hernoviyanti, Gusti Zulkifli Mulki, Faculty of Engineering, Tanjungpura University. Badau is one of the land border areas between Indonesia and Malaysia. The construction of the state border post (PLBN) as an official route is geared towards supporting trades between countries. However, the underdeveloped condition of Badau and low human resources appear as one of the various unsolved challenges. This study aimed at formulating a suitable cross-border trade development strategy in Badau - Lubok Antu border area. Qualitative case study approach with triangulation descriptive analysis techniques were employed and also supported by a SWOT analysis. The results showed the

characteristics related to cross-border trade in the Badau - Lubok Antu border area, including oil palm as a superior commodity and the determination of the existence of a cross-border identity card (KILB), targeted at facilitating inter-trade activities. However, KILB is only limited to 600 ringgits per month, and therefore, poses a complex situation for the community. Subsequently, related factors in the form of administrative, industrial development, investment capital and tourism potential, are significant in the development of the supporting functions of PKSN Badau. However, several inhibiting factors also exist, including low human resource quality as well as underdeveloped facilities and infrastructure, compared to Lubok Antu. Based on the analysis results, a turn-around strategy was applied to maximize opportunities and minimize problems.

8. Implementation of Development Policies in the Defense Sector in the Inter-State Border Area in the Context of Regional Autonomy (Case Study in the Border Area of Indonesia and Timor Leste), by Rahman Mul. The inconsistency between regional and central governments in comprehending the subject matter is not applied as a strong basis in the implementation of the defense sector development policy in the inter-state border area, towards a prosperous society. Secondly, various substantially related perceptions were observed, according to the interests of certain parties and developmental trend in the conditions of defense, socio-culture, politics, ideology and also the global situation. The existence of these distinct observations was probably due to inadequate collective views of regional and central governments in translating the principles of development in the defense sector. Finally, residents between Indonesia and RDTL borders are in a process of undergoing basic changes, both at national and state levels.

9. Cross-border Trade Between Countries: Spurring Economic Development in Bengkayang District and Belu District, by Humphrey. This analysis was based on coordinated border management theory, where there is a significant need for vertically and horizontally coordination between government agencies, as well as with neighboring countries, in order to ensure effective cross-border trades. Indonesia in an effort to develop the border as a front porch, is faced with certain difficulties, due to complex coordination, despite sufficient economic potentials to sustain the cross-border trade, including Bengkayang regency, West Kalimantan province, bordering Malaysia and Belu regency in East Nusa Tenggara, with boundaries to Timor Leste. Moreover, the establishment of National Border Management Agency (BNPP) did not necessarily resolve the observed challenges. Therefore, the paper is expected to provide input for members of the People's Representative Council of the Republic of Indonesia (DPR RI) currently discussing the Draft Law (RUU) for the Acceleration of Development of Disadvantaged Regions.

10. Illegal Sugar Trade in the Border Area of Entikong Indonesia and Malaysia, by Elyta, Faculty of Social and Political Sciences, University of Tanjungpura. The purpose of this research was to analyze the causes of the illegal sugar trade between Indonesia and Malaysia in the border area of Entikong. Sugar production in Indonesia is not proportional to the overall population demands, leading to alternative importation from Malaysia. Long-term import activities result in losses to the Indonesian state and open up opportunities for illegal sugar trade. This research applied qualitative approach, while the data collection techniques employed library assesment and interviews. Library research was conducted, using relevant data from books, journals, newspapers and reports from related agencies, while interviews were performed by questioning informants in cases of illegal sugar trade along Indonesia-Malaysia border in Entikong. Based on the research results, illegal trade occurs due to: 1) legislative abuse of border trade agreement (BTA), with the aim of seeking maximum profit, 2) cheaper Malaysian sugar prices, compared to Indonesia, therefore resulting in desperations.

11. The Study of Economic Development of the Inter-State Border Area in the Talaud Islands Regency, by Ade Irna T. Pangalasen. Talaud Island is one of Indonesia's border areas, with regional characteristics, including as an archipelago, underdeveloped and isolated areas, as well as being prone to disasters, in addition to

having similar experiences with other borders, including less supportive infrastructure and transportation fleets. Traditional cross-border classification triggers several violations at Miangas entry/exit points. This often leads to human and property damages and creates problems both in terms of security and welfare. The purpose of this study was to examine economic development patterns in border areas in Talaud Islands regency. Also, shift share analysis and gravity models were used to measure the economic sector performance and Tibanban's attraction as a border region in Philippines. The results showed various potentials of Talaud, including the agricultural industry with plantation and fisheries sub-sector, believed to be the base sector and the greatest GRDP contributor of the Regency. However, Miangas as a segment of the Indonesia-Philippines border remains very isolated, with the need to upgrade the cross-border trade to international standard as an entry/exit point.

12. Border Community Dynamics (Existence of Bugis Migrants in Sebatik Island, North Kalimantan: An Perspective of Cultural Studies) by Muhammad Hairul Saleh, Faculty of Social and Political Sciences, Mulawarman University. The underlying factors of cross-border trade existence include, topography and geography, accessibility, cost and price, cultural background, as well as emotional relationships. This research results showed the performance of the developmental process tends to be urban biased and do not extend to areas beyond the "center of power", but was among the "minus" groups, as against "surplus".

Custom related crimes, e.g smuggling, contravenes the provisions, originating from Law Number 10 of 1995. These legislatioms became very active in April 1, 1996, published in State Gazette Number 75 of 1995 as amended by Law Number 17 of 2006. The formation of these laws is based on several considerations, termed, the implementation of national development resulting generally in a rapid improvement, particularly in the economic sector, where the forms and practices of international trade activities exist, maintaining these efforts requires consistency in accordance with national development policies and, in order to create more legal certainty and administrative ease with regard to customs aspects and economic, viable reforms are necessary. Meanwhile, customs laws and regulations have been unable to match economic developments in relation to international trades. Therefore, in order to realize these expectations, it is deemed necessary to formulate a law on customs to meet the development of conditions and needs for custom services, based on Pancasila and the 1945 constitution.

The criminal act of commodity smuggling is very unfavourable to the government, in terms of state revenue as well as leads to a deeply disturbed society, based on current economic stability. These crimes are possibly uncovered by the authorities, but the perpetrator is not always arrested. Also, smuggling impact very negatively on several aspects of national and state existence, both directly resulting in massive revenue losses from import duties and other levies normally received by the government through the Director General of Customs and Excise, as well as other indirect deficits, including causing bottlenecks or obstacles to domestic production.

This circumstance subsequently results in the emergence of unscrupulous elements from the Malaysian community. These individuals eventually collaborate in smuggling with Indonesians, as a source of income in border communities. Also, the residents are also very interested in the cheaper prices of these goods. However, the regional government are capcity of implementing policy strategies and efforts to prevent smuggling in border areas. As a consequence, the perpetrators are subject to criminal sanctions, as participating in smuggling practices causes economic damages to state revenues as well as raises security concerns. Therefore, close surveillance in areas prone to smuggling is very crucial.

#### CONCLUSION

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Based on the results and conclusions, smuggling appears very critical in the implementation of a nation's economy. This observation is as a result of an abundant unreceived state revenues from the increasing crime rate in various forms both physically and administratively. In addition, the set targets by the government through customs and excise levies are expected to increase annually. However, the loss accrued to smuggling activities demonstrates adverse impact on internal revenues. Therefore, in order to improve efficient performance of border area managers, the National Border Management Agency was established, according to clause 3 of the Presidential Regulation of the Republic of Indonesia Number 12 of 2010 concerning the National Agency for Border Management. This body is responsible for the determination of effective border development policies, budget requirements. coordinating implementation, conducting evaluation as well as supervising the management of state border regions. Moreover, the implementation remains partial, and the policies on border issues are relatively ad-hoc, but are conducted by separate agencies, including immigration and customs. As a consequence, both central and local governments are expected to collaborate in developing the necessary border infrastructures. Furthermore, transportation, telecommunication, clean water, electricity, telephone and health insurance are crucial problems currently encountered by border communities. Optimal coordination is possible with the support of the central government, in terms of regional infrastructure and communication.

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