
Maritime Boundary Disputes between Indonesia and Malaysia in the Area of Ambalat Block: Some Optional Scenarios for Peaceful Settlement

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Maritime boundary issues have become a constraint in the relations between Indonesia and its neighboring countries, including Malaysia. One of the pending issues regarding the overlapping maritime boundary which is not yet to be resolved is the Ambalat area. The primary purpose of this research is to suggest possible scenarios to resolve the maritime delimitation dispute between Indonesia and Malaysia around Ambalat peacefully under international law. This article is prepared to explore all available ways for the peaceful settlement on Ambalat issue. The author will examine the diplomatic channel, ASEAN Way dispute settlement mechanism, adjudication process (litigation and arbitration), and dispute settlement under the UN Convention on the Law of the Sea. He will also propose other innovative approach, such like Joint Development Zone. The result of such examination can be used as considerations for the way forward.

Keywords

Ambalat, Peaceful Settlement, Maritime Boundary Disputes, Indonesia, Malaysia, ASEAN Way, JDZ

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1. Background

The Ambalat Area is expected to have rich with oil and gas reserves totaling to a value of USD 65 billion. The area allegedly contains vast resources ranging from 100 millions to a billion barrels of oil.¹ The working area of oil and and gas mining exploration in the Northern Part of East Kalimantan (Borneo) has been managed by Indonesia since 1967. The Government of Indonesia has granted contracts to some international oil companies such as: (1) Total Indonesie at Bunyu Island (1967); (2) British Petroleum at the off-shore of East Kalimantan (1970); (3) Hadson Bunyu for Bunyu Block (1983); (4) ENI Bukat for Bukat Block (1988); and (5) ENI Ambalat for Ambalat Block (1999).²

There had been no protests or complaints by the Government of Malaysia concerning the above contracts until December 30, 2004 when Indonesia signed the contract with Unocal for East Ambalat. The Government of Malaysia finally sent the protest in the form of three (3) diplomatic notes.³

On February 16, 2005, Petronas (A Malaysian State Oil Company) approved a Production Sharing Contract to Shell (Royal Dutch Oil Company) for two blocks, namely Blocks ND 6 and ND 7 which overlap with Ambalat and East Ambalat Blocks of Indonesia. Actually in 2003 Malaysia has conducted seismic test in the said area called X, Y and Z zones.⁴

The Government of Indonesia protested the Production Sharing Contract between Malaysia and Shell as it was deemed violate the sovereignty of Indonesia.⁵ In 2005 there were several incidents between the two countries which involved civilian ships as well as military warships. It was quite sensitive because both military arms (Indonesia and Malaysia) have taken their position ready for military action (i.e. Karang Unarang Lighthouse building).⁶ Figure 1 shows the Area and the

¹ For details, see G. Triggs, *Maritime Boundary Disputes in South China Sea: International Legal Issues*, at 3, Legal Studies Research Paper no 09/37, Sydney Law School (May 2009). See also, *ENI finds oil in area claimed by Indonesia, Malaysia*, JAKARTA POST, Mar. 18, 2005.

² For details on the background of Ambalat Case, see I. Supancana, *Prospects for Settlement of Disputes of Ambalat Case from the Perspective of International Law* [Prospek Penyelesaian Sengketa Ambalat dalam Perspektif Hukum Internasional], Paper presented at Seminar on Ambalat at Ngurah Rai University, Denpasar-Bali, April 30, 2005.

³ *Id.*

⁴ For further information see I Made Andi Arsana, *Ambalat, What's Up?*, available at <https://geoboundaries.wordpress.com/2005/03/08/Ambalat-whats-up/> (last visited on Feb. 2, 2015).

⁵ Makmur Keliat, *Shelving the Issue of Sovereignty in the Ambalat Dispute*, JAKARTA POST, (Mar. 15, 2005).

⁶ Djoko Harmantyo, *Ambalat Issues: a Preliminary Study on the Problem of Indonesian Territorial Boundaries*, 38 *INDONESIAN J. GEO.* (2006).