1.1 A Brief Description of the Sipadan and Ligitan Islands

Before broaching the subject of this work, that is, the dispute over the ownership of the Sipadan and Ligitan Islands between Indonesia and Malaysia, a brief description of the two islands is in order. The islands of Sipadan and Ligitan are both located in the southeastern portion of Sabah in the Celebes Sea (Figures 1.1 and 1.2). Sipadan Island is an oceanic island and the only one of its kind in Malaysia. It is not part of the continental shelf of Borneo but emerges separately from the ocean rising some 600 to 700 metres from the seabed. It is a small island with an area of about 0.13 square kilometres. It is situated at 4°06´ latitude north and 118°37´ longitude east. The island sits on top of an extinct volcano and, was formed by living corals growing on the submarine mountain head. In 1903, a US naval report described Sipadan Island as follows:

This island is densely wooded with tall timber and is the resort of many turtles. There is no water and it is in consequence, uninhabited.

The coral reefs that grow around the island are home to many sea creatures such as the fusilier, snapper, barracuda, manta ray and hammerhead shark (Figure 1.3). The island is also home to many turtles of the hawksbill and green-backed species. There is a turtle tomb underneath the column of the island, formed by an underwater limestone cave where many turtles get drowned as they are unable to find the surface. Sipadan is rated as one of the top destinations for diving in the world.
FIGURE 1.1
Sabah, the Philippines and Indonesian Borneo

Source: International Court of Justice (ICJ), *Memorial of Indonesia*, vol. 1, 2 November 1999, Map 2.1.
21 nautical miles from Semporna of the Borneo mainland (Sabah). In the past, and even today, Sipadan has remained an important place for the collection of a valuable delicacy, that is, turtle eggs. On most nights, a number of turtles crawl ashore to lay their eggs in the sandy areas close to the bushes. Each turtle usually lays from 150 to 300 eggs in a safe, deep hole dug by itself. In the past, the Sultan of Sulu owned this island, and he
obtained a handsome revenue from the collection and sale of turtle eggs coming from this place. This valuable commodity was collected by agents appointed by the Sultan. In 1882, the British North Borneo Company (BNBC) became the owner of a large stretch of territory on the northern part of the Borneo Island. These territories were originally acquired from the Sultans of Brunei and Sulu by the Overbeck-Dent Association (ODA) in 1877 and 1878 respectively. When the BNBC took over the ownership of this area, it established a government to administer the region and slowly, over time, from 1882 to 1946, fashioned the new state of North Borneo, now known as Sabah. The territorial limit of the Brunei and Sulu Grants in North Borneo pertaining to coastal waters was 9 nautical miles from the coast (three marine leagues). The BNBC however began to administer about twenty-six islands on the east coast of North Borneo, including Sipadan and Ligitan, which were beyond the 9 nautical miles limit under the mistaken impression that they were included in the 1878 Sulu Grants. When the Company assumed the administration of Sipadan in 1882 as well, it continued with the practice of appointing agents to collect turtle eggs from the island. In 1913, the BNBC started issuing licences to appointed persons for the collection of turtle eggs on Sipadan Island.
original licence given in 1913 to two persons named Panglima Abu Sari and Maharaja Anggai was renewed over the years, even as late as 1975.\(^5\) In 1933, the North Borneo Government proclaimed Sipadan Island as a bird sanctuary and a notification to that effect was erected on the island.\(^6\) After the Japanese Occupation from 1942 to 1945, the BNBC became bankrupt. The British Government was also at the same time keen to take over North Borneo from the BNBC to streamline its administration in Southeast Asia after the Second World War. The transfer took place in 1946 and, North Borneo became a British Crown Colony on 15 July 1946.\(^7\)

In 1962, the Colonial Government constructed a lighthouse on Sipadan Island. In 1963, Sabah became part of Malaysia, and the island continued to be administered by the new government. Before 1979, Sipadan was not permanently inhabited although Panglima Abu Sari had planted some coconut trees and maize. A well was also dug to provide fresh water for the collectors of turtle eggs. A semi-permanent wooden hut was also built to shelter the turtle egg collectors especially if they stayed overnight. In 1979, in order to attract scuba divers, tourist facilities such as chalets were built by Malaysia.\(^8\) The author visited Sipadan Island in 1991 with a team of researchers and stayed two nights there. At that time there were a number of chalets, as well as a house where the man in charge of collecting turtle eggs lived. The resorts were later closed down due to security reasons and to protect the island from over-exploitation. Visitors may now stay at several excellent nearby resorts on Mabul and Kapalai Islands. Mabul is the nearest inhabited island with about 1,000 residents and lies about 8 nautical miles to the north of Sipadan. In 1994, a hotel complex called the Sipadan Water Village was built there.

Ligitan is a small island lying in the southern part of a large reef extending from the nearby islands of Danawan and Si Amil. Most of the reef is submerged. Ligitan is situated about 21 nautical miles from Semporna, and about 57.6 nautical miles from Sebatik Island on the Sabah-Indonesian border in eastern Borneo. Its coordinates are 4°09´ latitude north and 118°53´ longitude east. The island is about 7.9 hectares in size and is mostly made up of sand. Ligitan is covered with rocks, wild grass, and trees called *bilang-bilang* but is not inhabited. The island is often used to dry fish caught by the Bajau Laut, a sea-faring people of the region. In July 1963, the Colonial Government of North Borneo constructed a lighthouse on Ligitan Island as well (Figure 1.4). Both the lighthouses on Sipadan and Ligitan Islands are still in operation today.\(^9\)
1.2 Background of the Dispute

The region of Southeast Asia is saddled with numerous conflicting maritime claims which have arisen as a result of historical factors, as well as the implementation of the United Nations Convention on the Law of the Sea of 1982 (the Convention) by member states of the region. These overlapping claims relate to maritime features such as islands and rocks, as well as national territorial waters (12 nautical miles), and the exclusive economic zone (EEZ) which extends to 200 nautical miles from the national baselines of a particular country. At the moment (2019), the major areas of disputes in Southeast Asia are in the Straits of Malacca, the South China Sea, the Natuna Sea, the Celebes Sea and the Sulu Sea. Such disputes also abound in other regions, especially in Northeast Asia. Sometimes these counter-claims take on very strong nationalist sentiments and often lead to heightened inter-state tensions due to the strategic and economic importance of these maritime features. For example, in 2012–13 the dispute between Japan and China over the ownership of the Senkaku/Diaoyu Islands in the East China Sea almost escalated to an armed confrontation between

![Figure 1.4: Ligitan Island and the Light Tower](source: ICJ, Memorial of Malaysia, vol. 1, 2 November 1999, p. 25.)
the two powers. A similar situation developed between the Japanese and the South Koreans concerning jurisdiction over the Takashima Island. In the South China Sea, the Spratly Islands, which comprise over more than 750 rocks, atolls, cays, islets, and reefs covering a vast area of over 425,000 square kilometres, are claimed partially or wholly by six claimants. These are China, Taiwan, Vietnam, the Philippines, Malaysia and Brunei. The Spratly Islands region itself is a potential hot spot, not only because of these overlapping claims of the six claimants but also due to the fact that the area is a major passageway for international shipping. For this reason, other powers, especially the United States, Japan, Australia and India, have become involved in the region, seeking to safeguard freedom of navigation and overflight against China's aggressive assertion of sovereignty over almost the whole of the South China Sea. In 2015, events in the area almost developed into a clash between the two great powers, that is, the United States and China. The catalyst that produced this explosive situation was the initiation of reclamation activities by China in the Spratly Islands in 2015. China undertook extensive reclamation work in a number of reefs and created artificial islands together with their 12 nautical miles national water zones. In May 2015, the United States demanded that China immediately stop these reclamation and construction activities as the Spratly region was a disputed area, and such actions interfered with the rights of free navigation and overflight. At the end of October 2015, the United States sent a destroyer ship close to one of the artificial islands created by China to challenge China's assertion of sovereignty in the region. China denounced the American action, describing it as a provocation and a threat to its sovereignty. In April 2016, the United States and the Philippines held their annual war games, but this time the exercises were seen as a show of strength against the Chinese presence in the region.

China's assertive policy in the region has also brought it into direct conflict with two of the Southeast Asian claimants, namely Vietnam and the Philippines. From the 1970s, there have been naval clashes and stand-offs between the navies of China, and those of Vietnam and the Philippines. In 2013, the Philippines filed a case with the Permanent Court of Arbitration (PCA) at The Hague challenging China's massive territorial claims in the Spratly and sought to reaffirm its own rights to some of the islands, especially in the West Philippines Sea. This action further threatened to challenge China's assertions in the area. Both China and the Philippines are members of the PCA. China, however, refused to acknowledge the court's right to hear the case, but in November 2015, the PCA ruled that it had
jurisdiction in the case. The PCA subsequently set up a tribunal to hear the case brought up by the Philippines. In a five-day hearing in November 2015, the Philippines presented its case to the tribunal, but China refused to accept or participate in the proceedings.

The Philippines case was based on the following issues:

(a) China did not have “historic rights” over waters in the South China Sea beyond limits provided for by the UNCLOS.
(b) China’s “nine-dash line” did not have any basis under international law.
(c) Maritime features controlled by China in the South China Sea are not islands and are therefore not capable of generating national territorial waters and EEZs.
(d) China violated the UNCLOS by preventing the Philippines from exercising its fishing and exploration rights; and
(e) China had damaged the environment beyond repair by its various activities.

On 12 July 2016, the tribunal delivered its judgment. The tribunal’s ruling was as follows:

(a) There was no legal basis for China to claim “historic rights” to resources within its so-called “nine-dash line” in the South China Sea.
(b) China had interfered with the traditional Philippines’s fishing rights and sovereign rights in the area within the South China Sea.
(c) None of the reefs and maritime features held by China in the Spratly Islands were entitled to a 200-nautical mile EEZ.

China reacted by rejecting the Court’s findings and threatened to safeguard its interests by all means. The situation in the South China Sea remains explosive.16

The dispute between Malaysia and Indonesia over the ownership of the two islands of Sipadan and Ligitan arose as a result of the process of implementing the 1958 United Nations Continental Shelf Convention by the two states. After the Second World War, it became apparent that many maritime states wished to exploit the seabed and subsoil adjacent to their coastlines for mineral resources.

Industrialization, development and technological innovations were the main driving forces behind the desire to acquire the rich resources
of the seabed. As a result of these forces, many maritime states issued unilateral declarations of sovereignty over contiguous submarine territory and adjacent seas beyond the traditionally accepted 3 nautical miles limit. In 1945, another development occurred in this field. President Harry S. Truman of the United States introduced the modern concept of the “continental shelf” through his Proclamation of 1945 which allowed the United States to have jurisdiction and control over the “natural resources of the subsoil and sea bed of the continental shelf” contiguous to its coastlines. It was a unilateral declaration, but many maritime states began to lay claims to their continental shelves. However, as the breadth of the continental shelf that a country could claim was still not defined, there arose the possibility of conflicting claims between countries. To bring some order to this potential problem, the International Law Commission in 1953 recommended the limit of a country’s continental shelf to a line at the 200 metres depth. Not all countries adhered to this rule, and to prevent political chaos in the oceans, the United Nations (UN) took up the matter in 1958 to formulate a new set of laws to govern the jurisdiction of states over seas adjacent to their coastlines. Towards this end, the UN held three major conferences—the first in 1958, the second in 1960 and the third from 1973 to 1982. The First United Nations Conference on the Law of the Sea (UNCLOS I) was held in Geneva. Its main achievements were that it gave formal recognition to jurisdiction of states over their internal waters, the territorial sea, the contiguous zone and the continental shelf. The most important outcome of the Conference was the adoption of the Continental Shelf Convention, 1958 which gave coastal states rights over their continental shelves up to the depth of the 200 metres isobath. As a result of this Convention, many states in Southeast Asia began to lay claims to their continental shelves.

As mentioned earlier, the adoption of the Continental Shelf Convention of 1958 led many states in Southeast Asia to lay claim to their respective continental shelves. One such state was the Federation of Malaya which ratified the said Convention in 1960. In 1966, the new nation of Malaysia (formed in 1963) promulgated the Continental Shelf Act, adopting the 200 metres depth criteria. The said Act also provided for the delimitation of the continental shelf between Malaysia and Indonesia. This exercise was conducted in 1969. Before this delimitation process began, however, the Government of Malaysia passed a legislation called the Emergency (Essential Powers) Ordinance No. 7 of August 1969 by which it extended its territorial waters from the traditional 3 nautical miles to the 12 nautical miles zone. In accordance with this Ordinance, Malaysia also announced the publication of a large-scale map showing its territorial waters and continental shelf boundaries. This map, published on 21 December 1979, came to be known as *Peta Baru*.

It was during the process of delimiting the continental shelf boundaries between Malaysia and Indonesia in 1969 that problems arose as to the ownership of the two islands of Sipadan and Ligitan. Both countries advanced rival sovereignty claims over the two islands. Although the issue could not be resolved immediately, the two countries nevertheless went ahead with the signing of a treaty in the same year (1969), establishing their continental shelf boundaries in the Straits of Malacca and the South China Sea. This treaty is entitled “Agreement between the Government of the Republic of Indonesia and the Government of Malaysia relating to the Delimitation of the Continental Shelves between the Two Countries, 27 October 1969.” It entered into force on 7 November 1969. The two countries also agreed to settle the issue of ownership over the two islands through discussions at a later date.

More trouble was in store for Malaysia when it published the *Peta Baru* on 21 December 1979 entitled “Territorial Waters and Continental Shelf Boundaries of Malaysia”. One of the disputes that developed in 1980 as a consequence of this map was conflicting claims of sovereignty between Singapore and Malaysia over Pedra Branca/Pulau Batu Puteh. In 1979, Malaysia also became embroiled in the Spratly Islands dispute as a result of this map. It thus became the fifth claimant to some of the features in the area. In 1980, it proclaimed its 200 nautical miles EEZ and subsequently occupied six islets in the Spratly Islands area.

As mentioned earlier, the Convention of 1982 came into force in 1994. Malaysia and most of the members of the Association of Southeast Asian
Nations (ASEAN) became signatories to the Convention. The Law of the Sea regime immediately caused a flurry of activities in Southeast Asia and the South China Sea with every nation-state parcelling out seas and oceans into their respective EEZs. As discussed above, the Spratlys has remained a hot spot for tensions. Despite attempts to come to some compromise, the dispute continues to simmer without much hope of an amicable settlement in the near future. Within ASEAN itself, there is a strong desire to establish mechanisms and processes for dispute settlement in the region. In 2003, ASEAN leaders meeting at the Ninth ASEAN Summit in Bali identified the High Council of the Treaty of Amity and Cooperation (TAC) in Southeast Asia (1976) as the main organ for the job. An ASEAN Maritime Forum was also established at the same summit to tackle the rising number of maritime territorial disputes in Southeast Asia. Despite the ongoing efforts for greater integration in ASEAN, its members do not seem to have full trust in each other or in the abilities of ASEAN and prefer to submit disputes to the ICJ.

The dispute over the ownership of Sipadan and Ligitan Islands resurfaced in 1982 when Indonesian naval units appeared off Sipadan supposedly to investigate the presence of “foreign troops” on the island. In 1991, Indonesia protested in the press that Malaysia had built tourist facilities on Sipadan Island. Indonesia accused Malaysia of going back on its promise in 1969 not to undertake any development activity on the said island. Indonesia pointed out that during the September 1969 delimitation talks in Kuala Lumpur between the two countries, a “status quo” or standstill agreement was reached with respect to Sipadan and Ligitan Islands. This status quo agreement, according to Indonesia was respected by both countries for about ten years. Indonesia further claimed that beginning from 1979, Malaysia had started erecting tourist installations on Sipadan Island in contravention of the status quo agreement. Malaysia denied that there was ever such a verbal agreement and maintained that the two islands had always belonged to itself. In October 1991 however, the then Malaysian Foreign Minister, Datuk Abdullah Ahmad Badawi assured his counterpart, Ali Alatas, that no further development projects would be undertaken on the two islands until the question of sovereignty was resolved. The two sides also agreed to establish a Joint Working Group to resolve the issue. However, meetings held by this group from 1992 to 1994 failed to produce any result. In January 1994, talks between the two countries ended in failure. In September 1994, Malaysia proposed for the dispute to be referred to the ICJ. Indonesia, however, wanted the case to be brought to the ASEAN
High Council. Malaysia disagreed as it doubted the impartiality of the said Council. The matter was then referred to the special envoys of both sides. In June 1996, the special envoys recommended to their respective governments for the dispute to be placed before the ICJ for arbitration. Seeing that further efforts at a diplomatic solution would be fruitless, the leaders of both countries at the time, Datuk Seri Dr Mahathir Mohamad and President Suharto, agreed on 7 October 1996 to refer the dispute to the ICJ for arbitration. On 31 May 1997, both countries signed a Special Agreement to refer the dispute to the ICJ, and on 2 November 1998, this agreement was filed with the said Court. Both countries then submitted their respective written memorials in 1999, followed by counter-memorials and replies. The oral pleadings were held from 3 to 12 June 2002, and the verdict delivered on 17 December 2002.

Why was there a dispute concerning sovereignty over these two tiny islands? To get a clearer picture, we have to study the past. As with many other unresolved issues in Asia, the case of Sipadan and Ligitan Islands was a residue of colonialism, a legacy from colonial activities. In the second half of the nineteenth century, both the Dutch and the British began to expand and consolidate their colonial empires in Borneo. In 1898, the United States also joined the bandwagon by taking over the Philippines from the jurisdiction of Spain. As the territorial concessions obtained by the three colonial powers from the native rulers were in some ways vaguely defined and thus overlapped, these colonial powers began to adopt a new idea that had been developed in Europe in the eighteenth century, that is, the concept of the territorial state. Applied to Asia and Africa, it took the form of the territorial empire or colony. Such a concept necessitated the creation of precise boundaries between colonial possessions. In their fervour to create these legally defined boundaries in their colonial empires, as well as to avoid intensive colonial conflict arising out of overlapping territorial claims, the Netherlands and Britain on the one hand, and the United States and Britain on the other, entered into negotiations for the delimitation of their respective boundaries in the northeastern Borneo region. The outcome of these separate exercises was the delimitation of the boundary between British Borneo and Dutch Borneo (1891–1915); and the sea boundary between the State of North Borneo and the Philippines (1903–30). The two small islands of Sipadan and Ligitan became victims of this boundary delimitation activity because their precise status remained somewhat undefined. The unfortunate consequence of this state of affairs was that both Malaysia and Indonesia assumed that they each had unquestioned
sovereignty over the two islands. Since the process of boundary creation by the colonial powers concerned had such an overriding bearing on the dispute, the historical circumstances that went into the making of these boundaries now deserve our attention.

Notes
4. See Chapter 2 for further details.
6. Notification No. 69, British North Borneo Official Gazette, 1 February 1933, p. 28.
8. International Court of Justice (ICJ), Case Concerning Sovereignty over Pulau Ligitan and Pulau Sipadan (Indonesia/Malaysia), Memorial of Malaysia, vol. 1, 2 November 1999, pp. 15–19 (hereafter cited as Memorial of Malaysia, vol. 1).


The text of the treaty can be found in the US Department of State's series called *Limits in the Sea*, no. 1. Also see R. Haller-Trost, *The Territorial Dispute between Indonesia and Malaysia over Pulau Sipadan and Ligitan in the Celebes Sea: A Study in International Law* (Durham: International Boundaries Research Unit, University of Durham, 1995), pp. 4–5.


See *Press Statement by the Chairperson of the 9th ASEAN Summit and the 7th ASEAN+3 Summit Bali, Indonesia*, 7 October 2003, pp. 1–5; and *Declaration of ASEAN Concord II (Bali Concord II)*, pp. 1–6.

*Straits Times*, 7 July 1982; and *Asia Week*, 23 July 1982.


*New Straits Times*, 12 and 18 October 1991.


*Memorial of Malaysia*, vol. 1, paras. 4.1–4.6, pp. 27–28.

K.J. Holsti, *International Politics: A Framework for Analysis*, 7th ed. (New Jersey: Prentice-Hall, 1995), p. 47. Holsti has this to say concerning the development of the idea of the territorial state in Europe: “For the era from 1648 to 1814, the notion of territoriality as the basis of political organization was only beginning to emerge. Dynastic holdings were often noncontiguous ... and the notion of lineal frontiers was only rudimentary. But by the end of the eighteenth century, it was commonly accepted—as it is today—that a state occupies a definite piece of territory, and that its jurisdiction extends only to the extremities of that territory. So, sovereignty referred not only to a domination over subjects, but also over real estate. To think otherwise might seem strange to us, but at the time of the Westphalia treaties, the notion of territory rather than people as the basis of political jurisdiction was not well understood or defined”.