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ER IM 69-7, Sabah: Economic Conditions in a Disputed State

There are a number of errors or oversights in this report. Among them are the following:

Summary.

Although smuggling did diminish prior to Malaysia's abrogation of the anti-smuggling pact in late 1968, such activities were by no means ever stopped. Diminution was probably due more to the reduction of taxes on cigarettes in the Philippines than to active control measures taken during the period that the pact was in effect.

Paragraph 1.

"Malaysia" is the official name of the country, hence "federation" should be lower-cased.

Paragraph 3.

Sabah does not border on Brunei.

Paragraph 7.

The statement that "the bulk (of the indigenes) remain in the bush" is totally misleading. Most, in fact, live in small villages on or within easy reach of roads, and grow wetland rice and/or cash crops -- not unlike most peasants in other countries of Southeast Asia. Only a few (mostly Muruts, who comprise less than five percent of the population) still practice slash-and-burn agriculture.

Paragraph 12.

No mention is made of the recruitment of Chinese laborers from Hong Kong and China. They outnumbered by far the Indians that were brought to Sabah to work on the estates. The large Chinese population in the state today is a result of such recruitment (stopped during the past twenty years for fear of communist subversion by Chinese immigrants). Indians and Pakistanis in the state today are few in number (not enumerated in the 1960 census).

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Paragraph 13.

Information available to GD/F indicates that the Malaysian Migration Fund Board was established in 1967, not 1966.

Paragraph 16.

The Malaysian-Philippine anti-smuggling agreement did not halt smuggling, even temporarily (see comment for Summary).

Page 11, caption under photo.

Jesselton is now known as Kota Kinabalu.

Omissions.

No attention is given in the text to the production of palm oil; it is mentioned only in a footnote to the Table on page 13. Although palm oil accounted for only 1.5 percent of export earnings in 1967, acreage devoted to oil palm is rapidly expanding; the crop is expected to become a significant earner of foreign exchange within a very few years.

Although not a substantial contributor to Sabah's economy, the reexport of copra brought into the state illicitly from Indonesia and the Philippines would seem to be pertinent in a study of "Economic Conditions in a Disputed State."

No mention is made of the state's potential for mineral production. Although such potential does not as yet appear great, a Japanese firm plans to begin the mining of a copper deposit within two years. Also, no mention is made in the report of the extensive offshore oil explorations currently being undertaken by major oil companies.

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