THE 2ND CILS INTERNATIONAL CONFERENCE 2011

"The ASEAN's Role in Sustainable Development"

Organized by University of Indonesia and University of Gajah Mada
November 21-22, 2011, Yogyakarta Indonesia

Whose Side Is It On? – The Boundaries Dispute in the North Malacca Strait

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Abstract

The waters in the North Malacca Strait remain to be one of the areas between Indonesia and Malaysia that have no clear boundaries. This situation leads to many incidents where one country claimed that the other's fishermen were illegally fishing in their territory, which leads to detainment and confiscation of boats and fishing gear. Currently, there is an agreement on boundaries of the continental shelf between Indonesia and Malaysia in the area, but no agreement has been reached on the boundaries for Exclusive Economic Zone (EEZ) yet. The lack of clear boundaries also made it difficult for one state to exercise its control over the body of water effectively, not only in fishing activities, but also in environmental, security and other aspects as well. This Paper will discuss whether and how Indonesia and Malaysia should settle the EEZ boundary dispute in the North Malacca Strait.

The first part of the Paper will discuss the history of the regime of continental shelf, which is important in order to understand the circumstances surrounding the negation of Continental Shelf Boundary Agreement between Indonesia and Malaysia in 1969. The second part will discuss the Agreement on Continental Shelf Boundaries between Indonesia and Malaysia, which was signed not long after the signing of the Convention on Continental Shelf 1958 and the International Court of Justice's (ICJ) decision on the North Sea Continental Shelf Cases in 1969. The Paper will then in part three discuss the development of EEZ regime, probably one of the most important developments arising from the Third Convention on the Law of the Sea, as well as the regime of continental shelf under the Convention. The final part of the Paper will discuss the importance for Indonesia and Malaysia to have clear EEZ boundaries in the North Malacca Strait.

1. THE HISTORY OF CONTINENTAL SHELF

The concept of 'continental shelf' became important in the early 20th century. Even before any coastal States realised the potential of continental shelf as a source of hydrocarbon resources, they have recognised the importance of the continental shelf to their fishing industries. At that time, it was already generally accepted that possession of territorial sea includes the rights over resources in the seabed and subsoil, and there was already a clear distinction between the bed of the territorial sea and the bed of the high seas, which is not subject to jurisdiction of the coastal States.[1] In 1916, however, Spain's then Director-General of Fisheries urged to extend Spain's territorial sea to include the continental shelf, as most of the edible species of fish were found in the continental shelf area, although the claim did not give

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[1] RR Churchill and AV Lowe, *The Law of the Sea,* 3rd ed (Manchester University Press, 1999), at 142.

any definition to the term 'continental shelf'.[2] In 1926, a Committee of Experts formed by the League of Nations observed that at a certain distance from the coast, the bottom of the sea is marked by a sort of great step that divides it into two distinct areas: the 'continental shelf', which extends from this step to the coastline and where most edible fish can be found; and vast abysmal region that extends beyond this step.[3] The Committee of Experts, thus, has somewhat defined the regime of continental shelf, but still failed to clarify the legal limits of the continental shelf.[4]

1.1. The Truman Declaration 1945

Just before the World War II, technology has advanced as such so that it was possible to commercially exploit the hydrocarbon resources beyond the territorial sea. Due to the lack of legal regime to regulate exploitation of these resources, some coastal States started to make unilateral claim to continental shelf adjacent to their territorial seas.[5] In 1942, the United Kingdom, on behalf of Trinidad, and Venezuela succeeded in concluding one of the earliest agreements on the delimitation of continental shelf, even before the legal regime has been clearly established.[6] However, one of the most influential references to the regime of continental shelf is probably the Truman Declaration of 1945,[7] where the United States declared its right to explore the natural resources in the continental shelf contiguous from its land territory.

The Truman Declaration was the first of its kind to assert a claim over the continental shelf and to clarify any associated legal rights and entitlement;[8] it was no surprise that it started a trend of unilateral declarations by countries claiming 'entitlement' or 'sovereignty' over their continental shelf. These other claims varied in nature, some only claimed jurisdiction over the resources found in the continental shelf, others claimed sovereignty over the shelf and the column of water above it or even the air space above; some defined the limit of continental shelf to the depth of 100 fathoms or 200 metres, while others defined the limit of continental shelf to a distance of 200 nautical miles (nm) from their coast, regardless of the depth.[9] These claims differed from the Truman Proclamation which only claimed jurisdiction and control

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[2] League of Nations Committee of Experts for the Progressive Codification of International Law, *Questionnaire No 2: Territorial Waters* (1926) 20:3 AJIL Supp 62, at 125-126.

[3] *Ibid*, at 126.

[4] Donald R Rothwell and Tim Stephens, *The International Law of the Sea* (Hart Publishing: Oxford and Portland, Oregon, 2010), at 100.

[5] *Ibid,* at 98.

[6] See Richard Young, *Recent Development with Respect to the Continental Shelf* (1948) 42:4 AJIL 849, at 850; see also RR Churchill and AV Lowe, *supra* note 1, at 143.

[7] 1945 US Presidential Proclamation No 2667, *Policy of the United States with Respect to the Natural Resources of the Subsoil and Sea Bed of the Continental Shelf,* (1945) 10 Fed Reg 12,305 [Truman Declaration], online: CIL <http://cil.nus.edu.sg/1945/1945-us-presidential-proclamation-no-2667-policy-of-the-united-states-with-respect-to-the-natural-resources-of-the-subsoil-and-sea-bed-of-the-continental-shelf/>.

[8] Although in 1944, Argentina made a claim to a 200nm territorial sea and all resources within it, which included the continental shelf. See Donald R Rothwell and Tim Stephens, *supra* note 4, at 100-101.

[9] For more details discussion on the claims made immediately following the Truman Declaration, see Richard Young, *supra* note 6.

over the natural resources found in the continental shelf beneath the high seas but contiguous to the coasts of the United States, but still recognised the freedom of the high seas of the water column above the shelf.[10] Furthermore, although the Truman Declaration did not define the limits of continental shelf, the accompanying press release described it as an area adjacent to the continent to a depth of 100 fathoms.[11]

The inconsistencies in relation to the nature and geographical extent of continental shelf claims following the Truman Declaration shows the lack of uniform state practice.[12] Nevertheless, these claims were important to the development of the continental shelf regime. The United States' position of jurisdiction and control over the continental shelf without affecting the high seas freedom above it will be the basis of the continental shelf regime in the Continental Shelf Convention; and the position of the Latin American countries that claimed 200 nm jurisdiction was the pre-cursor for the EEZ regime, which will be discussed in Part 3 of this Paper.

1.2. Convention on the Continental Shelf 1958

As discussed above, by the time of the First Convention on the Law of the Sea in 1958, the regime of continental shelf has gained a wide-spread, albeit not uniform, state practice; and was officially recognised through the signing of the 1958 Convention on the Continental Shelf (Continental Shelf Convention).[13] The Continental Shelf Convention reaffirmed the doctrine introduced in the Truman Declaration, that coastal States have exclusive sovereign rights to explore and exploit the continental shelf,[14] as well as confirming that the body of water above the continental shelf remain as high seas.[15]

The Continental Shelf Convention also tried to tackle the elusive issue of determining the outer limit of the continental shelf. Leading up to the Continental Shelf Convention, the limit of continental shelf declared by coastal States varied from the depth requirement (200 metres) to the distance requirement (200 nm). As a preparation for the 1958 Convention, the International Law Commission (ILC) came up with a draft definition that limited the continental shelf to a depth of 200 metres or as long as the coastal State capable to exploit the continental shelf.[16] Despite failing to provide a definitive outer limit of the

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[10] Truman Declaration, *supra* note 7.

[11] Richard Young, *supra* note 6, at 851.

[12] See the award in the arbitration between Petroleum Development Ltd and the Sheikh of Abu Dhabi, where Lord Asquith concluded that by 1951, the doctrine of continental shelf was not yet admitted to the canon of international law, *Petroleum Development (Trucial Coast) Ltd and the Sheikh of Abu Dhabi* (1952) 1 ICLQ 247, at 253, cited in Donald R Rothwell and Tim Stephens, *supra* note 4, at 101.

[13] *Convention on the Continental Shelf,* 29 April 1958, UNTS 499 at 311 (entered into force 10 June 1964) [Continental Shelf Convention], online: CIL <http://cil.nus.edu.sg/1958/1958-convention-on-the-continental-shelf/>.

[14] *Ibid,* Art 2(1).

[15] Continental Shelf Convention, *supra* note 13, Art 3.

[16] United Nations, *Yearbook of the International Law Commission* (1956), vol I, at 131.

continental shelf,[17] this definition by the ILC was fully adopted by the Continental Shelf Convention without any changes,[18] which reflected the desire to have certainty in the extent of the continental shelf while leaving open the continental shelf for further exploration once the technology allowed.[19]

Another feature of the Continental Shelf Convention, which is of important relevance to this Paper, is the use of median line and the principle of equidistance in delimiting continental shelf between two or more opposing coastal states.[20] During the negotiation of the Continental Shelf Convention, the States preferred the use of the median line based on the principle of equidistance from the respective coastlines. The States also agreed with the ILC of the existence of special circumstances as exceptions to the median line / equidistance rule.[21] This principle was 'updated' somehow by the ICJ in its seminal 1969 judgment of the North Sea Continental Shelf Cases.

1.3. The North Sea Continental Shelf Cases 1969

The decision of the International Court of Justice ('ICJ') in 1969 North Sea Continental Shelf Cases had a huge impact on the development of the doctrine of continental shelf, especially in the delimitation method.[22] In its judgment, although the ICJ was of the opinion that the Continental Shelf Convention did not 'embody or crystallize any pre-existing or emergent rule of customary law',[23] the ICJ recognised the inherent sovereign rights of coastal States to explore and exploit the natural resources in the area of continental shelf that constitute a natural prolongation of their land territories into and under the sea.[24] However, since Germany was not a signatory of the Continental Shelf Convention, the ICJ had to spell out the criteria of delimitation for States not bound by the Continental Shelf Convention.

In its judgment, the ICJ rejected the use of the median line principle contained in the Continental Shelf Convention,[25] stating that the median line principle was not a customary rule since it was not used in the Truman Declaration (which used the equitable principle); and that its inclusion into the Continental Shelf Convention was subject to reservations.[26] The ICJ also state that the use of the median line / equidistance principle in certain circumstances (in this case Germany's concave coastline) can lead to an unnatural or

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[17] Friedman said that Article 1 of the Continental Shelf Convention was 'one of the most disastrous clauses ever inserted in a treaty of vital importance to mankind', which left the limits of national jurisdiction open; see Wolfgang Friedman, '*Selden Redivjvus* – Towards a Partition of the Seas?' (1971) 65:4 Am J Int'l L 757, at 759.

[18] Continental Shelf Convention, *supra* note 13, Art 1.

[19] Stuart Kaye, 'State Practice and Maritime Claims: Assessing the Normative Impact of the Law of the Sea Convention', in Aldo Chirop, *et al,* eds, *The Future of Ocean Regime-Building* (Martinus Nijhoff, 2009) at 140.

[20] Continental Shelf Convention, *supra* note 13, Art 6.

[21] United Nations, *Yearbook of the International Law Commission* (1952), vol II, at 216.

[22] *North Sea Continental Shelf (Federal Republic of Germany v Denmark; Federal Republic of Germany v the Netherlands)* (1969) ICJ Rep 3 [North Sea Continental Shelf Cases].

[23] *Ibid,* at para 69.

[24] North Sea Continental Shelf Cases, *supra* note 22, at para 19.

[25] North Sea Continental Shelf Cases, *supra* note 22, at para 23.

[26] Wolfgang Friedman, 'The North Sea Continental Shelf Cases – A Critique' (1970) 64:2 Am J Int'l L 229, at 233.

unreasonable results.[27] The ICJ, thus, came up with a new criteria, and stated that the delimitation of Continental Shelf between adjacent states should be equitable[28] and taking into account the relevant circumstances, such as the configuration of the coast.[29]

2. THE CONTINENTAL SHELF BOUNDARY BETWEEN INDONESIA AND MALAYSIA

On 27 October 1969, just a few months after the ICJ issued its judgment on the North Sea Continental Shelf Cases, Indonesia and Malaysia concluded a treaty which delimited the continental shelf boundary in the Malacca Strait (the 'Continental Shelf Agreement').[30] The Agreement claimed to be based on equidistance principle between Indonesia's and Malaysia's baselines.[31] A look at the actual boundary on the map, however, suggests that the boundary is actually closer to the Indonesian coast than to the Malaysian coast.

States with sovereignty over land territory are permitted to claim maritime zones from such land territory. During the negotiation of the Continental Shelf Agreement, both States accepted that like all maritime zones, the boundary between them should be measured from their respective baselines. Under the 1958 Convention on the Territorial Sea and the Contiguous Zone, the normal baseline for measuring maritime zones is the low-water mark along the coast.[32] It was generally recognised that straight baselines may be employed if the coast is deeply indented or has a fringe of islands, provided that the baseline does not depart to an appreciable extent from the general direction of the coast.[33] If a State employs straight baselines, the waters landward of the baseline are considered internal waters. However, if the use of straight baselines has the effect of enclosing as internal waters areas which were not previously considered as such, the right of innocent passage applies in such waters.[34]

Prior to the signing of the Agreement, Indonesia has been promoting the regime of 'Archipelagic Waters', and has unsuccessfully argued the use of 'archipelagic baselines' to enclose mid-ocean archipelagos, that is, States which consist entirely of island archipelagos, such as Indonesia and the Philippines, during the 1958 Law of the Sea Convention. Indonesia argued that archipelagic States should be permitted to draw straight baselines connecting the outermost points of the outermost islands in their archipelago. When

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[27] North Sea Continental Shelf Cases, *supra* note 22, at para 24.

[28] North Sea Continental Shelf Cases, *supra* note 22, at para 55.

[29] North Sea Continental Shelf Cases, *supra* note 22, at para 91.

[30] *Agreement between the Government of Malaysia and the Government of the Republic of Indonesia on the Delimitation of the Continental Shelf between the Two Countries,* 27 October 1969 (entered into force 7 November 1969), US Department of State, 'International Boundary Study, Series A, Limits in the Seas', No 1, 21 January 1970 [Continental Shelf Agreement].

[31] *Ibid,* at 7.

[32] *Convention on the Territorial Sea and the Contiguous Zone,* 29 April 1958, 15 UST 1606; 516 UNTS 205 (entered into force 10 September 1964) [Territorial Sea Convention], Article 3, online: CIL <http://cil.nus.edu.sg/1958/1958-convention-on-the-territorial-sea-and-the-contiguous-zone/>.

[33] *Ibid*, Article 4.

[34] Territorial Sea Convention, *supra* note 32, Article 5.

Indonesia came to the negotiation table, Indonesia was proposing the use of this archipelagic baseline as the base points to measure the boundary from their land territory.

Malaysia countered Indonesia's use of archipelagic baselines by applying the straight baselines system to enclose all of its islands of the coast of western Malay Peninsula. This was Malaysia's way to put itself on an equal footing in the division of the continental shelf with Indonesia, which had drawn straight baselines around its archipelago.[35] Malaysia had drawn straight baselines to join its coast with two of their most outer islands in the north Malacca Strait, which are Pulau Perak and Pulau Jarak. Pulau Perak is about 55 nm from the nearest pint of Malaysian land (the island of Pulau Singa Besar), while Pulau Jarak lies about 25 nm from the nearest land at Pulau Butuh.[36]

Indonesia agreed to Malaysia's use of straight baselines to delimit the continental shelf boundary between the two countries. The distance between Pulau Perak and Indonesia's nearest territory is 84 nm and the distance between Pulau Jarak and Indonesia's nearest 'archipelagic baseline' is 30 nm.[37] The two countries then agreed to delimit the continental shelf boundary by drawing a median line equal distance from both countries straight baselines, which was in line with the approach laid down in the Continental Shelf Convention.[38]

If baselines were ignored and equidistance is measured from the coast of both countries, Indonesia should have gained more continental shelf than what has been agreed in the Agreement.[39] Indonesia's acceptance to Malaysia's use of its 'straight-baselines' as the basis for Continental Shelf Agreement between the two states was seen as 'a gift' from Indonesia to Malaysia for the latter's support to push the regime of Archipelagic Waters during the negotiation of the third Convention of the Law of the Sea. Hence, Malaysia was left with a larger continental shelf area in the north Malacca Strait compared to Indonesia. This, however, post a problem after the establishment of the EEZ regime after the conclusion of the third Convention of the Law of the Sea in 1982, as discussed in Part 3 below.

3. UNCLOS 1982

The Third United Nations Conference of the Law of the Sea began in 1973 and lasted for nine years. The Conference was initially set up to address the deep sea-bed regime and the two issues outstanding from

[35] Continental Shelf Agreement, *supra* note 30, at 4.

[36] Maxx Herriman and Raja Petra Mohamed, 'A Malacca Straits EEZ Boundary: Factors for Consideration', in M Shariff, *et al,* eds, *Towards Sustainable Management of the Straits of Malacca* (Malacca Straits Research and Development Centre: 2000), at 758 – 759.

[37] Continental Shelf Agreement, *supra* note 30, at 5.

[38] Continental Shelf Convention, *supra* note 13, Art 6.

[39] Prescott claimed that if a strict line of equidistance was drawn in this sector, Indonesia would gain about 1,000nm^2 of continental shelf; see Victor Prescott, *Indonesia's Maritime Claims and Outstanding Delimitation Problems,* in IBRU Boundary and Security Bulleting, Winter 1995 – 1996, at 94-95.

the first two conferences (breadth of territorial sea and limits of the fishing zone).[40] However, its objectives were revised and it set out to draft a new convention governing all uses of the oceans which would be universally acceptable. Aside from establishing new regimes like the EEZ and Archipelagic Waters, the Convention also discussed the deep seabed area beyond the limits of national jurisdiction as the common heritage of mankind.[41] No State may claim or exercise sovereignty or sovereign rights over any part of this area or its resources. All rights in the resources in the area are vested in mankind as a whole. An International Sea Bed Authority (ISBA) has been established and it acts on behalf of mankind as a whole to regulate the exploration and exploitation of the natural resources of the deep sea bed.[42]

The text of the United Nations Convention on the Law of the Sea (UNCLOS) was finally adopted in Jamaica on 10 December 1982 and entered into force in 16 November 1994. As of June 2011, 162 countries and the European Community are parties to UNCLOS.[43]

3.1. The Continental Shelf Regime under UNCLOS

Not unlike its predecessor the Continental Shelf Convention, UNCLOS recognises that coastal States have sovereign rights to explore and exploit the natural resource of the seabed and subsoil on their continental shelf.[44] The extent of a coastal State's continental shelf was one of the most debated topics during the third Convention, which was finally set up to 200 nm from the coastline.[45] States with broad continental shelf off their coasts, however, through a complex assessment mechanism may claim sovereign rights to the resources of their continental shelf up to 350 nm from their coastline or to the outer edge of the continental margin.[46] These claims to extended continental shelf beyond 200 nm (referred to as 'outer continental shelf'), however, must be submitted to the Commission of the Limits of the Continental Shelf (CLCS).[47] The effect of the North Sea Continental Shelf Cases decision was reflected in the text of

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[40] See the Introduction to the *United Nations Convention on the Law of the Sea*, 10 December 1982, UNTS 1833 at 3 (entered into force 16 November 16 1994), [UNCLOS] online: United Nations <http://www.un.org/Depts/los/convention_agreements/convention_overview_convention.htm>.

[41] UNCLOS, Article 135, *ibid*.

[42] UNCLOS, Article 156, *supra* note 40.

[43] Thailand was the latest country to ratified UNCLOS on 11 May 2011; see *Chronological lists of ratifications of, accessions and successions to the Convention and the related Agreements as at 03 June 2011,* online: United Nations <http://www.un.org/depts/los/reference_files/chronological_lists_of_ratifications.htm#The United Nations Convention on the Law of the Sea>.

[44] UNCLOS, Article 77, *supra* note 40.

[45] UNCLOS, Article 76(1), *supra* note 40.

[46] UNCLOS, Article 76(5), *supra* note 40.

[47] UNCLOS, Article 76(8), *supra* note 40; as of October 2011, 57 countries have put in their submissions to the CLCS, and the CLCS has issued 14 recommendations, see *Submissions, through the Secretary-General of the United Nations, to the Commission on the Limits of the Continental Shelf, pursuant to article 76, paragraph 8, of the United Nations Convention on the Law of the Sea of 10 December 1982,* online: United Nations <http://www.un.org/depts/los/clcs_new/commission_submissions.htm>.

UNCLOS. UNCLOS adopted an equitable solution approach rather than following the approach of the Continental Shelf Convention which favoured the use of median line.[48]

3.2. The Development of Archipelagic Waters

UNCLOS finally recognized special baseline rules that apply to archipelagic States, which was pushed by Indonesia and the Philippines. Archipelagic States are permitted to draw straight baselines connecting the outermost points of the outermost islands in their archipelago, known as archipelagic baselines.[49] The waters inside the archipelagic baselines are called archipelagic waters.[50] If a continental State has sovereignty over offshore island archipelagos, the normal baselines rules apply to such archipelagos as continental States do not fall within the definition of 'archipelagic States' under UNCLOS. For example, the United States must apply the normal baseline rules to the Hawaiian Islands even though they are island archipelagos because the United States is not an archipelagic State.

This development has a huge impact on the Continental Shelf Agreement between Indonesia and Malaysia. The recognition of archipelagic waters under UNCLOS legitimise the use of straight baselines by Indonesia to enclosed its outer most points of its outer most islands, which was used as the basis of the continental shelf boundary delimitation between Indonesia and Malaysia. The same could not be said about Malaysia's use of straight baselines. Malaysia does not qualify to be recognised as an archipelagic State under UNCLOS. Therefore, Malaysia can only draw straight baselines under strict conditions, which are if the coast is deeply indented or has a fringe of islands, provided that the baseline does not depart to an appreciable extent from the general direction of the coast.[51]

3.3. The Development of the EEZ Regime

Although the concept of Exclusive Fishing Zone was already known prior to the third Law of the Sea Convention in 1973, not until 1974 did the concept of EEZ was introduced and quickly received the wide support of most coastal states. This regime 'overlapped' with the continental shelf regime and granted sovereign rights over the natural resources in the body of water and subsoil up to 200 nm from the shore in spite of the (lack of) natural prolongation of the land territory.[52] The EEZ is neither under the sovereignty of the coastal State nor part of the high seas. It is a specific legal regime, in which Coastal States have the rights and jurisdiction set out in UNCLOS, and other States have the rights and freedoms set out in UNCLOS.

Coastal States have the sovereign right to explore and exploit the natural resources of the sea and of the seabed and subsoil in their EEZ. In other words, they have the exclusive right to the fisheries and other living resources of the sea and to the oil and gas resources of the seabed and subsoil. They also have such

[48] UNCLOS, Article 83, *supra* note 40.

[49] UNCLOS, Article 47, *supra* note 40.

[50] UNCLOS, Article 49, *supra* note 40.

[51] UNCLOS, Article 7, *supra* note 40.

[52] UNCLOS, Articles 56 & 57, *supra* note 40.

jurisdiction as is necessary for them to exercise their sovereign rights, included limited jurisdiction over marine scientific research and protection and preservation of the marine environment. Coastal States have no 'residual' jurisdiction in the EEZ. They only have such jurisdiction as is provided for in the Convention. Other States have the right to exercise high seas freedoms in the EEZ of any State, including the freedoms of navigation and over flight. With respect to jurisdiction over matters outside of economic activities, the principles of jurisdiction governing the high seas apply in the EEZ. In other words, outside of economic activities, ships in the EEZ are subject to the principle that ships are subject to the exclusive jurisdiction of the flag State, and the warships of any State may seize pirates in the EEZ.

Even though the EEZ and the continental shelf regimes usually apply concurrently to the same geographical area, this is not always the case, and they remain as two separate regimes.[53] The breadth of EEZ is fixed at 200 nm, and even though UNCLOS has established the legal limit of continental shelf at 200 nm (which is coinciding with the extent of EEZ), the extent of the actual or 'physical' continental shelf may be greater than 200 nm. Moreover, while a continental shelf is an 'inherent right' of a coastal State and need not be claimed, an EEZ should always be claimed. This was made expressly clear by the ICJ in its judgment on the Libya/Malta Continental Shelf case, where the ICJ stated that there can be a continental shelf without an EEZ but there cannot be an EEZ without a continental shelf.[54] The regime of EEZ therefore overlaps with the regime of continental shelf, which gives rise to new complication in delimitation of maritime boundaries.

This is especially the case in the north Malacca Strait. Prior to the UNCLOS, the area beyond the territorial seas of Indonesia and Malaysia in the north Malacca Strait was considered as high seas, in which both states can freely exploit the fishing resources. The Continental Shelf Agreement which exists between the two countries did not affect the freedom of fishing in this area, as the Agreement only concerns the exploitation of the seabed and its resources, not the water column. The introduction of EEZ, however, has turned the said area of water as EEZ claimable by both Indonesia and Malaysia. This raised problems in the north Malacca Strait, since the Continental Shelf Agreement only covers continental shelf, but not the body of water above it.

4. EEZ BOUNDARIES DELIMITATION IN THE NORTH MALACCA STRAIT

Although Malaysia unilaterally declared in 1996 that it considers the continental shelf boundaries in the north Malacca Strait it has concluded as the boundary for EEZ as well,[55] the fact remains that the Continental Shelf Agreement signed in 1969 does not extend to the body of water above it; and that it is unlikely that Indonesia will concede to Malaysia's claim.

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[53] RR Churchill and AV Lowe, *supra* note 1, at 145

[54] *Continental Shelf (Libyan Arab Jarnahiriya/Malta)* (1985) ICJ Rep. 13 [*Libya/Malta*], at 33.

[55] Upon its ratification of UNLCOS, Malaysia declared that if the maritime area is less than 200 nm from baselines, the boundary for EEZ shall be the same line with the boundary of continental shelf; see *Malaysian Declaration Upon Ratification of the Convention of the Law of the Sea 1982*, 14 October 1996, online: United Nations <http://www.un.org/depts/los/convention_agreements/convention_declarations.htm#Malaysia%20Upon%20ratification>.

4.1. Malaysia's Straight Baselines

Although Indonesia has accepted Malaysia's use of straight baselines which enclosed Pulau Perak and Pulau Jarak as a basis for the delimitation of continental shelf in the north Malacca Strait, Indonesia does not recognise the use of these straight baselines to delimit the EEZ in the area. Indonesia has also objected the use of these 'straight-baselines' to delimit Malaysia's territorial sea in the north Malacca Strait.[56]

As discussed in Part 3.2 above, Indonesia's use of straight baselines to enclose its archipelago has been recognised under Article 47 of UNCLOS as archipelagic baselines. It is difficult, however, to justify Malaysia's use of straight baselines that enclosed the whole body of water between its mainland coast and Pulau Perak and Pulau Jarak as its internal waters. The coast of Malaysia facing the north Malacca Strait is not deeply indented and cut into, one of the requirements to justify the use of straight baselines under UNLCOS.[57] Furthermore, although there is a fringe of islands in the immediate vicinity of the coast, Pulau Perak and Pulau Jarak are not located in the immediate vicinity of the coast, as Pulau Perak lies 56 nm from the coast while Pulau Jarak lies 25 nm from the nearest fringing coastal island.[58] The ICJ in *Qatar/Bahrain* also stated that straight baselines can only be used in the strict and very limited situations as provided in Article 7 UNCLOS, and decided to eliminate the disproportionate effect of small islands.[59] Hence, it would be difficult for Malaysia to use its straight baselines to delimit the EEZ in the north Malacca Strait.

4.2. Maritime Delimitation under UNCLOS

UNCLOS establishes a legal framework for all activities in the oceans.[60] It does not, however, contain any provisions on how to decide the competing sovereignty claims over the features. UNCLOS assumes that it is known which State has sovereignty over land territory and off-shore features. It then sets out the maritime zones which can be claimed from such territory and / or features.

The UNCLOS provisions on the delimitation of boundaries in overlapping maritime zones in the EEZ and continental shelf are set out in Articles 74 and 83. The general principle is that boundaries are to be delimited by agreement on the basis on international law in order to reach an equitable solution.[61] This

[56] Robert Smith, in personal communication to Jon van Dyke, 10 February 2003, cited in Mark J Valencia, 'Validity of Malaysia's Baselines and Territorial Sea Claim in the Northern Malacca Strait', (2003) 27 Marine Policy 367, at 372.

[57] UNCLOS, Article 7, *supra* note 40.

[58] Mark J Valencia, *supra* note 56, at 370.

[59] *Maritime Delimitation and Territorial Questions between Qatar and Bahrain* (2001), Merits, Judgment, ICJ Rep 40 [*Qatar/Bahrain*] at paras 21, 179 & 214.

[60] UNCLOS sets out a legal order for the seas and oceans to facilitate international communication and promote peaceful uses of the seas and oceans, equitable and efficient utilization of their resources, conservation of their living resources and study, protection and preservation of the marine environment; see the Preamble of UNCLOS, *supra* note 40.

[61] See *Libya/Malta, supra* note 54, at 51; *Eritrea v Yemen* (1999) Award of the Arbitral Tribunal in the Second Stage of the Proceedings (Maritime Delimitation) at 116; *Maritime Delimitation in the Black Sea (Romania v Ukraine)* (2009) ICJ Rep 61 at 120.

regime, however, has further developed since the conclusion of UNCLOS in 1982. In the same year that UNCLOS was concluded, the ICJ issued its decisions in the Libya/Malta Continental Shelf Case, which back tracked a bit from its earlier judgment of the North Sea Continental Shelf cases in 1969. In the Libya/Malta decision, ICJ explained that equidistance may be applied if it leads to an equitable solution.[62] The ICJ went further in the Qatar/Bahrain decision, stating that for the delimitation of maritime zone beyond 12 nm, it would first draw the provisional equidistance line before considering whether there are circumstances that lead to an adjustment of that line.[63] More recently, in the 2009 Black Sea Case between Romania and Ukraine, the ICJ introduced a three stages approach to maritime delimitation: (1) establish provisional equidistance line; (2) consider whether any factors which call for an adjustment of the equidistance line to reach an equitable result; and (3) verify that that line does not lead to an inequitable result by reason of any marked disproportion between the ratio of the respective coast lengths and the ratio between the relevant maritime area of each State by reference to the delimitation line.[64]

The ICJ has thus clarified the preferred method for delimitation of maritime zones, including continental shelf and EEZ. However, it is not clear what effect should be given to the islands in any maritime boundary delimitation. As discussed in Part 4.1 above, international courts and tribunals have consistently held that small islands should not be given full effect in delimiting maritime boundaries against the mainland of a large State.[65] Therefore, there is an argument to be made that Pulau Perak and Pulau Jarak should not be given full effect in delimiting the EEZ boundary between Malaysia and Indonesia in the north Malacca Strait.

Negotiations to delimit the EEZ boundaries in the north Malacca Strait may lead to the establishment of a line that differ from the 1969 continental shelf boundaries. UNCLOS does not have any provisions requiring the delimitation of a single maritime boundary for both EEZ and continental shelf in the case of opposing states less than 400 nm from each other. UNCLOS states that rights with respect to the seabed and subsoil under the EEZ regime shall be exercised in a manner consistent with the continental shelf regime.[66] Despite suggesting some superiority of the continental shelf regime over that of the EEZ, this provision does nothing to resolve the difficulty of delimitation between coastal States having jurisdiction over both continental shelf and EEZ in the same area.[67] Although the ICJ had been asked to delimit a single maritime boundary in the past,[68] this approach will not always be ideal or even possible.[69] Due to the different nature of EEZ and continental shelf regimes, the relevant circumstances to be considered to

[62] *Libya/Malta*, *supra* note 54, at para 109.

[63] *Qatar/Bahrain*, *supra* note 59, at paras 217.

[64] *Maritime Delimitation in the Black Sea, supra* note 61 at 116.

[65] See *Anglo-French Continental Shelf Arbitration* (1979) 18 ILM 397 at 251; *Libya/Malta*, *supra* note 54 at 129; *Eritrea v Yemen, ibid* at 147; *Maritime Delimitation in the Black Sea, supra* note 61, at 187-188.

[66] UNCLOS, Article 56(3), *supra* note 40.

[67] Stuart Kaye, 'The Use of Multiple Boundaries in Maritime Boundary Delimitation law and Practice' (1998) 19 Aust YBIL 49, at 51.

[68] See *Barbados v Trinidad and Tobago* (2006) 45 ILM 798, at 243.

[69] Donald R Rothwell and Tim Stephens, *supra* note 4, at 408.

reach an equitable delimitation will vary between the regimes. While geomorphology will be relevant to continental shelf boundary delimitation, it would not affect the delimitation of EEZ boundary; on the other hand the existence of traditional fishing rights will affect the EEZ delimitation, but not continental shelf delimitation.[70]

While it is possible to have separate and distinct boundaries for the continental shelf and the EEZ, the implementation of having multiple boundaries can be challenging. There are two ways to resolve this issue. The first is to agree on separate boundaries for different purposes. The second is to come to a provisional arrangement to jointly develop the resources in the overlapping area, which will be discussed in the next part. A good example of having multiple boundaries is the separate boundaries of EEZ and continental shelf between Australia and Indonesia. Both countries had successfully concluded two continental shelf boundaries in 1971[71] and 1972,[72] which placed much of the Browse Basin under Australian jurisdiction.[73] The boundaries for the water column between the two countries were concluded in a treaty signed in 1997,[74] which provided for a water column boundary that was based on an equidistance line in all areas except between Christmas Island and Java, which substantially favoured Indonesia, reflecting the relative size of the islands.[75] Thus, there are quite substantial areas of Australian continental shelf overlapping with Indonesian EEZ.[76] The Agreement stated that Indonesia's EEZ sovereign rights and jurisdiction are limited to the water column, and that Australia's continental shelf sovereign rights and jurisdiction are applicable to the seabed.[77] The Agreement also aims to allow both States to exercise their jurisdiction independently of the other, while up-holding the 'due regard' principle, which means that a notice is required before a party undertake any activities in the sea or seabed that could potentially interfere with the other's jurisdiction and/or enjoyment.[78]

[70] Stuart Kaye, supra note 67, at 57.

[71] *Agreement between the Government of the Commonwealth of Australia and the Government of the Republic of Indonesia establishing certain seabed boundaries*, 18 May 1971 (entered into force 8 November 1973), 974 UNTS 307.

[72] *Agreement between the Government of the Commonwealth of Australia and the Government of the Republic of Indonesia establishing certain seabed boundaries in the area of the Timor and Arafura Seas, supplementary to the Agreement of 18 May 1971*, 9 October 1972 (entered into force 8 November 1973), 974 UNTS 319.

[73] Stuart Kaye, *Australia's Maritime Boundaries* (Wollongong: CMP, 2001), at 53-58.

[74] *Treaty between the Government of Australia and the Government of the Republic of Indonesia establishing an Exclusive Economic Zone Boundary and Certain Seabed Boundaries*, 14 March 1997, ATNIF 4 [*Treaty Between Australia and Indonesia*].

[75] Stuart Kaye, 'Joint Development in the Timor Sea' (Paper presented at the CIL Conference on Joint Development and the South China Sea, 16-17 June 2011) [unpublished].

[76] See generally, Stuart Kaye, 'Australia and Indonesia Tie the Maritime Knot' (1997) 71 Austl L J 916.

[77] *Treaty Between Australia and Indonesia, supra* note 74, Article 7.

[78] For example, the construction of any installation or structure that is not an artificial island must be preceded by 'due notice'; *Treaty Between Australia and Indonesia, supra* note 74, Article 7(e).

4.3. Provisional Arrangements of a Practical Nature

Until the fundamental and intractable disagreements on maritime delimitation between Indonesia and Malaysia can be resolved, UNCLOS purports to provide a temporary solution to this situation in paragraph 3 of Articles 74 and 83. It provides that if delimitation cannot be effected by agreement, the States in dispute shall make every effort to enter into provisional arrangements of a practical nature; and not to jeopardize or hamper the reaching of final agreement. Such arrangements will be without prejudice to the final delimitation.

There are two aspects to the obligation under Articles 74(3) and 83(3). First, States should make every effort to enter into provisional arrangements of a practical nature. This imposes on parties a 'duty to negotiate in good faith'[79] and to take 'a conciliatory approach to negotiations in which they would be prepared to make concessions in the pursuit of a provisional arrangement'.[80] Second, during this transitional period before there is final agreement on the boundaries, States are obliged not to jeopardize or hamper the reaching of a final agreement on delimitation. International courts and tribunals have found that any activity which represents an irreparable prejudice to the final delimitation agreement is a breach of this obligation.[81] A distinction is to be made between activities of the kind that lead to a permanent physical change, such as exploitation of oil and gas reserves, and those that do not, such as seismic exploration.[82]

Provisional arrangements of a practical nature are 'without prejudice to the final delimitation'.[83] This means that nothing in the arrangement can be deemed as a renunciation of the claim of any party to sovereignty over the features or sovereign rights in the surrounding waters. Also, the provisional arrangement does not constitute an explicit or implicit acknowledgement of the legitimacy of the claim of any other party.[84]

[79] *Guyana/Suriname Arbitration*, UN Law of the Sea Annex VII Arb Trib, award on 17 September 2007, at para 461, online: Permanent Court of Arbitration <http://www.pca-cpa.org/upload/files/Guyana-Suriname%20Award.pdf>.

[80] *Ibid*, at paras 471-478.

[81] *Guyana/Suriname Arbitration*, *supra* note 79, at para 480.

[82] *Guyana/Suriname Arbitration*, *supra* note 79, at para 479.

[83] UNCLOS, Articles 74(3) and (83(3), *supra* note 40; *Guyana/Suriname Arbitration*, *supra* note 79; see also Ranier Lagoni, 'Interim Measures Pending Maritime Delimitation Agreements' (1984) 78 AJIL 345 at 358.

[84] See for example *Treaty between Australia and the Republic of Indonesia on the Zone of Cooperation in an Area between the Indonesian Province of East Timor and Northern Australia,* 11 December 1989 [1991] ATS 9, Article 2(3), (entered into force 9 February 1991) [Timor Gap Treaty]; generally, see also Gao Zhiguo, 'Legal Aspects of Joint Development in International Law,' in M. Kusuma-Atmadja, TA Mensah, BH Oxman (eds.), *Sustainable Development and Preservation of the Oceans: The Challenges of UNCLOS and Agenda 21* (Honolulu: Law of the Sea Institute, 1997), 625 at 639.

Articles 74(3) and 83(3) do not mandate the type of provisional arrangements States can enter into, but leave it to the discretion of the States concerned.[85] Provisional arrangements can include a wide variety of arrangements such as mutually agreed moratoriums on all activities in overlapping areas,[86] joint development or cooperation on fisheries,[87] joint development of hydrocarbon resources,[88] agreements on environmental cooperation[89] and agreements on allocation of criminal and civil jurisdiction.[90] The term 'arrangements' implies that the arrangement can include both informal documents such as Notes Verbale, Exchange of Notes, Agreed Minutes, or Memorandum of Understanding; as well as more formal agreements, such as treaties.[91]

4.4. Prospects for use of UNCLOS Dispute Settlement Mechanisms

The dispute settlement regime in UNCLOS is the most complex system ever included in any global convention,[92] which was part of the 'package deal' agreed to at the start of the nine year negotiations leading to the adoption of UNCLOS in 1982.[93] Under the package deal, States agreed to accept the Convention in its entirety, with no right to make reservations, and that as a general principle, all disputes concerning the interpretation or application of any provision in the Convention would be subject to

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[85] Natalie Klein, 'Provisional Measures and Provisional Arrangements in Maritime Boundary Disputes' (2006) 21 Int'l J Mar & Coast L 423, at 444; see also Sun Pyo Kim, *Maritime Delimitation and Interim Arrangements in North East Asia* (The Netherlands: Martinus Nijhoff Publishers, 2004) at 94.

[86] *Maritime Delimitation Treaty between Jamaica and the Republic of Colombia*, 12 November 1993, Article 3, online: United Nations <http://www.un.org/depts/los/LEGISLATIONANDTREATIES/PDFFILES/TREATIES/JAM-COL1993MD.PDF>.

[87] *Agreement on Fisheries between the Republic of Korea and the People's Republic of China,* 3 August 2000 (entered into force 30 June 2001), reprinted in Sun Pyo Kim, *supra* note 85, at 347.

[88] *Memorandum of Understanding between Malaysia and the Kingdom of Thailand on the Establishment of a Joint Authority for the Exploitation of the Resources in the Sea-Bed in a Defined Area of the Continental Shelf of the Two Countries in the Gulf of Thailand*, 21 February 1979 (entered into force 24 October 1979), reprinted in David M Ong, 'Thailand/Malaysia: The Joint Development Agreement 1990' (1990) 6:1 Int'l J Mar & Coast L 57, at 61.

[89] *Agreement between the Government of Jamaica and the Government of the Republic of Cuba on the Delimitation of the Maritime Boundary Between the Two States*, 18 February 1994, Article 5, reprinted in 34 *Law of the Sea Bulletin*, Division of Ocean Affairs and the Law of the Sea, Office of Legal Affairs, United Nations, at 64.

[90] *Agreement between the Government of the Kingdom of Thailand and the Government of Malaysia on the Constitution and Other Matters relating to the Establishment of the Malaysia-Thailand Joint Authority*, 30 May 1990.

[91] Sun Pyo Kim, *supra* note 85 at 47. Kim notes that 'some States may prefer MOUs to formal agreements for provisional arrangements because these have some advantages in several aspects: no need to publish them as these are not treaties; no need for elaborate final clauses or the formalities surrounding treaty-making; easy amendment; and no need to be submitted for an approval of the parliament.'; see also Ranier Lagoni, *supra* note 55.

[92] On the UNCLOS dispute settlement system generally, see Natalie Klein, *Dispute Settlement in the UN Convention on the Law of the Sea* (Cambridge University Press, 2005).

[93] Tommy TB Koh, 'A Constitution for the Oceans' (Statements by President Koh at the final session of the Conference at Montego Bay, 6 and 11 December 1982), reprinted in United Nations, *The Law of the Sea: United Nations Convention on the Law of the Sea* (1983) E.83.V.5.

compulsory binding dispute settlement.[94] In other words, once States become parties to UNCLOS, they have given their consent in advance to the system of compulsory binding dispute settlement in the Convention.

The 'default' rule in UNCLOS is that if there is a dispute between two States concerning the interpretation or application of any provision in UNCLOS, it is subject to the system of compulsory binding dispute settlement in Section 2 of Part XV of the Convention. When States fail to resolve the dispute by following the procedures set out in Section 1 of Part XV,[95], the dispute can be unilaterally submitted at the request of one party to the dispute to the court or tribunal having jurisdiction under this section.[96]

The Court or tribunal which has jurisdiction to hear a dispute depends on whether the parties to the dispute have exercised their rights to select a procedure for resolving disputes to which they are parties.[97] Under Article 287 of the Convention, a State is free to choose one or more of four procedures for the settlement of disputes concerning the interpretation or application of the Convention. The choices are: adjudication before the ICJ; adjudication before ITLOS; arbitration under Annex VII of UNCLOS; or special arbitration under Annex VIII of UNCLOS. The choice of procedure may be made when signing, ratifying or acceding to UNCLOS, or at any time thereafter.[98]

If two State Parties to a dispute have elected the same procedure, the dispute will be referred to that procedure. If the State Parties to the dispute have not elected the same procedure, or if one of them has not made a choice of procedure, the dispute by default will go to arbitration under Annex VII, unless the parties otherwise agree.[99] This procedure has been invoked in the past, such us by Malaysia against Singapore in the Land Reclamation Case; and more recently, by Bangladesh against both India and Myanmar concerning the UNCLOS provisions on maritime boundary delimitation.[100] Bangladesh, India, and Myanmar had not made a choice of procedure under Article 287 of UNCLOS. Therefore, the dispute between Bangladesh and India as well as the dispute between Bangladesh and Myanmar would normally go to arbitration under Annex VII. However, Bangladesh and Myanmar subsequently agreed to take their

[94] Tommy TB Koh and S Jayakumar, 'Negotiating Process of the Third United Nations Conference on the Law of the Sea', in Myron H Nordquist, ed., *United Nations Convention on the Law of the Sea 1982: A Commentary,* vol 1 (Martinus Nijhoff, 1985), at para 29-134.

[95] UNCLOS, Article 238, *supra* note 40.

[96] UNCLOS, Article 286, *supra* note 40.

[97] UNCLOS, Article 288, *supra* note 40.

[98] UNCLOS, Article 287, *supra* note 40.

[99] UNCLOS, Article 287(5), *supra* note 40.

[100] On October 8, 2009, the People's Republic of Bangladesh instituted arbitral proceedings concerning the delimitation of the maritime boundary between Bangladesh and the Republic of India pursuant to Article 287 and Annex VII, Article 1 of UNCLOS. The Permanent Court of Arbitration acts as a Registry in this arbitration, online: Permanent Court of Arbitration <www.pca-cpa.org/showpage.asp?pag_id=1376>.

dispute to ITLOS rather than to arbitration.[101] Consequently, Bangladesh will be going to arbitration under Annex VII in its dispute with India and to ITLOS in its dispute with Myanmar.

Neither Indonesia nor Malaysia has made an election under Article 287.[102] Therefore, if the compulsory binding dispute settlement system in Section 2 of Part XV were invoked in a dispute between two States relating to the EEZ boundaries in the north Malacca Strait, the dispute in question would automatically go to arbitration under Annex VII of UNCLOS.[103]

Although the court or tribunal resolving the dispute has jurisdiction to settle disputes concerning the interpretation or application of a provision in UNCLOS, in resolving the dispute, the court or tribunal is not restricted to applying only the provisions of UNCLOS. Article 293 of UNCLOS provides that a court or tribunal having jurisdiction shall apply the Convention as well as other rules of international law not incompatible with the Convention.[104] Whether the dispute goes to one of the two methods of adjudication or to one of the two methods of arbitration, the decision rendered by a court or tribunal having jurisdiction is final, and must be complied with by all the parties to the dispute.[105] Thus, in resolving disputes on maritime delimitation, for example, the court or tribunal can consider existing customary international law and precedence in previous cases of maritime delimitation.

4.4.1. Request for Provisional Measures

A State Party to a dispute which is referred to dispute settlement under Section 2 of Part XV may also request provisional measures to ITLOS to either preserve the respective rights of the parties; or to prevent serious harm to the marine environment.[106] The only prerequisite is that ITLOS must first determine that, *prima facie*, the arbitral tribunal to be constituted would have jurisdiction to hear the case. Such provisional measures are legally binding.[107] Even if a dispute is being referred to an arbitration tribunal, a

[101] *Dispute Concerning the Maritime Boundary between Bangladesh and Myanmar in the Bay of Bengal*, Case No 16, ITLOS. The dispute had initially been submitted to an arbitral tribunal to be constituted under Annex VII UNCLOS through a notification dated 8 October 2009, made by the People's Republic of Bangladesh to the Union of Myanmar. However, on 14 December 2009, proceedings were instituted before ITLOS after both States submitted declarations to ITLOS accepting its jurisdiction to hear the case. See ITLOS, Press Release, 140, 'Proceedings Instituted in the Dispute Concerning the Maritime Boundary between Bangladesh and Myanmar in the Bay of Bengal' (16 November 2009), online: ITLOS <http://www.itlos.org/fileadmin/itlos/documents/press_releases_english/PR.140-E.pdf>.

[102] For the up-to date official texts of declarations and statements which contain the choice of procedure under Article 287 of the UNCLOS, see online: UN Division for Ocean Affairs and the Law of the Sea <http://www.un.org/Depts/los/settlement_of_disputes/choice_procedure.htm>.

[103] UNCLOS, Article 287(5), *supra* note 40.

[104] See Natalie Klein, *supra* note 85 at 58.

[105] UNCLOS, Article 296, *supra* note 40.

[106] UNCLOS, Article 290(1), *supra* note 40.

[107] UNCLOS, Article 290(1), *supra* note 40.

State party may request provisional measures from ITLOS pending the establishment of the arbitral tribunal.[108]

4.4.2. Disputes Subject to Compulsory Binding Dispute Settlement

Except for the limited categories of disputes which are excluded, all other disputes between States Parties to UNCLOS on the interpretation or application of a provision in UNCLOS are subject to the compulsory binding dispute settlement system in UNCLOS. With respect to provisions discussed in this paper, disputes on whether a State's straight baselines along its coast are in conformity with Article 7 of UNCLOS would be subject to dispute settlement by an international court or tribunal. Disputes concerning delimitation of EEZ can also be subject to dispute settlement by an international court or tribunal,[109] unless expressly excluded as will be discussed in the next part below.

4.4.3. Limitations and Exceptions to Compulsory Binding Dispute Settlement

Section 3 of Part XV provides for exceptions and limitations to the system of compulsory binding dispute settlement in Section 2. Specifically, Article 297 excludes two types of disputes from the compulsory binding dispute settlement system in Section 2 of Part XV: (a) disputes with respect to discretionary decisions on fisheries in their EEZ; and (b) disputes with respect to discretionary decisions on permits for marine scientific research in their EEZ. Section 3 of Part XV also gives States the right to 'opt out' of the compulsory binding dispute settlement system in Section 2 for certain categories of disputes. Article 298 provides that States parties have the option to formally declare to the UN Secretary-General that they do not accept the compulsory binding dispute settlement under Section 2 for the following categories of disputes: [110]

(a) disputes concerning the interpretation or application of Articles 15, 74 and 83 relating to sea boundary delimitations, or those involving historic bays or titles;

(b) disputes concerning military activities and law enforcement activities in regard to the exercise of sovereign rights or jurisdiction excluded from the jurisdiction of a court or tribunal under article 297, paragraph 2 or 3; and

(c) disputes in respect of which the Security Council of the United Nations is exercising the functions assigned to it by the Charter of the United Nations.

Several States in Asia, including China, Korea and Thailand, have exercised their right to exclude these categories of disputes from the system of compulsory binding dispute settlement in Section 2 of Part XV.[111] However, Indonesia and Malaysia have not made any declaration to exclude these disputes from

[108] UNCLOS, Article 290(5), *supra* note 40.

[109] UNCLOS, Article 74, *supra* note 40.

[110] UNCLOS, Article 298(1), *supra* note 40.

[111] For the up-to date official texts of declarations and statements which contain optional exceptions to the applicability of Part XV, Section 2, under Article 298 of UNCLOS, see online: UN Division for Ocean Affairs and the Law of the Sea, *supra* note 102.

the system of compulsory binding dispute settlement, especially disputes concerning the application of article 74 on the delimitation of the EEZ. Thus, either Indonesia or Malaysia can bring the other to compulsory binding dispute settlement in Section 2 of Part XV.

5. CONCLUSION

It is possible for Indonesia and Malaysia to reach an agreement on the EEZ boundaries in the north Malacca Strait that differs from the continental shelf boundaries. The preamble to 1982 UNCLOS affirms that matters not regulated by the Convention continue to be governed by the rules and principles of general international law. It can be argued that articles 74 and 83 on the delimitation of EEZ and continental shelf boundaries in effect incorporate the rules and principles of customary international law. This is because they provide that delimitation is to be effected by agreement 'on the basis of international law, as referred to in Article 38 of the Statute of the International Court of Justice, in order to achieve an equitable solution.'

The effect of this provision is that when negotiating boundary delimitation agreements, negotiators must be aware of not only the jurisprudence of international courts and tribunals in boundary delimitation cases, but also of state practices that have multiple maritime boundaries. Indonesia and Malaysia could also enter into an agreement to cooperate and establish a joint development area to share resources in the overlapping area.

Finally, since neither Indonesia nor Malaysia made any declaration under Article 298, certain disputes relating to the interpretation or application of provisions of UNCLOS could be referred to the system of compulsory binding dispute settlement in Section 2, Part XV of UNCLOS. For example, if Indonesia interfered with Malaysia's fishing activities in the disputed area, Malaysia might be able to invoke the dispute settlement system in Part XV by asserting that Indonesia has violated its rights under Article 56 and asked the Court or Tribunal to decide on the EEZ boundaries between the two countries. Indonesia can invoke the dispute settlement system in Part XV by claiming that Malaysia's straight baselines along its coast are not in conformity with Article 7 of UNCLOS.