

3. India-Malaysia Relationship- International Relation

PM Modi vows stronger India-Malaysia ties in strategic pivot; says 'no compromise' on terrorism
India and Malaysia have elevated their ties to a Comprehensive Strategic Partnership in 2024, signing 11 agreements in key sectors like semiconductors, defence, and social welfare. While trade and cultural links are robust, challenges such as the China factor, trade barriers, and underutilized connectivity remain.

Context- Recent Expansion of Ties

India and Malaysia have vowed to significantly expand their bilateral ties, targeting high-priority sectors such as trade and investment, defence, energy, advanced manufacturing, and semiconductors.

Agreements Signed- The two sides inked a total of 11 agreements and documents to formalize cooperation across a range of key areas.

Key Outcomes and Agreements

The recent engagement yielded specific outcomes across diverse sectors.

Cultural and Media Collaboration- Audio-Visual Co-production Agreement- Signed to boost cultural exchange and media collaboration between the two nations.

Disaster Management- MoU on Disaster Management Cooperation- Aimed at improving joint preparedness for emergencies and sharing best practices in disaster relief.

Technology and Industry- Semiconductors- An "Exchange of Notes on Cooperation in Semiconductors" was finalized, underlining a mutual interest in strengthening capabilities and securing supply chains in this critical sector.

Environment and Wildlife- International Big Cats Alliance (IBCA)- A Framework Agreement on the IBCA was finalized, reflecting a shared commitment to biodiversity conservation and sustainable development.

Social Welfare- Social Security MoU- An agreement was signed between the Employees' State Insurance Corporation (ESIC) of India and the Social Security Organisation (SOCSO) of Malaysia.

Objective- To enhance social security programs specifically for Indian citizens working in Malaysia.

Institutional Linkages-

- Vocational Education and Training- Agreements were exchanged to collaborate on skill development.
- Security Cooperation- Agreements between the two national security councils were exchanged to deepen security ties.

Economic Dialogue- CEO Forum Report- Both sides received the report of the 10th Malaysia-India CEO Forum, which highlighted private sector perspectives on trade, investment, and future collaboration.

Overview of India-Malaysia Relations

The relationship is anchored in historical ties and strategic convergence.

Diplomatic Relations

Establishment- Diplomatic relations were established in 1957.

Elevation- The relationship was elevated to a Comprehensive Strategic Partnership (CSP) in 2024.

Multilateral Cooperation- Both countries are members of key international organizations, including the United Nations, ASEAN (Association of Southeast Asian Nations), and the Non-Aligned Movement (NAM).

Trade and Economic Relations

Global Standing- Malaysia is India's 13th largest trading partner globally, while India ranks among Malaysia's top 10 global trading partners.

ASEAN Context- Malaysia has emerged as the 3rd largest trading partner for India from the ASEAN region. Conversely, India is the largest trading partner for Malaysia among South Asian countries.

Agreements- Economic engagement is anchored by the India-Malaysia Comprehensive Economic Cooperation Agreement (CECA).

Currency Settlement- Both countries have agreed to conduct trade settlements in Indian Rupees (INR), reflecting a strong intention to bolster bilateral trade resilience.

Defence and Security

Foundations- Defence ties have steadily expanded since the signing of a defence cooperation memorandum in 1993.

Activities- Cooperation includes regular defence meetings and joint military exercises.

Strategic Focus- Both nations are enhancing cooperation in counter-terrorism, maritime security, and cultural exchanges.

Strategic Partnership & ASEAN Centrality-

India's Act East Policy- Malaysia holds a crucial position in expanding India's trade with ASEAN and aligning with India's Act East Policy.

Maritime Connectivity- Cooperation advances connectivity in the Strait of Malacca and the South China Sea.

Indo-Pacific- Malaysia supports the ASEAN Outlook on the Indo-Pacific (AOIP) and the Indo-Pacific Oceans Initiative (IPOI).

Tourism and Diaspora

Tourism- India is the 5th largest source country for inbound tourism to Malaysia. Growth has been supported by a bilateral agreement on employment (2009) and a revised air services agreement (2017).

Indian Community- Malaysia hosts the third largest Indian diaspora in the world (approximately 2.9 million).

Persons of Indian Origin (PIO)- Number around 2.75 million, constituting about 6.8% of Malaysia's total population.

Cultural Ties- Influence- Indian influence is visible in Malaysian language, religion (Hinduism and Buddhism), architecture, cuisine, and festivals.

Challenges in the Relationship

Despite strong ties, several hurdles remain.

Trade Disputes and Imbalances- Issues related to tariffs, non-tariff barriers, and trade restrictions have occasionally strained economic ties.

Geopolitical Considerations- Diverse foreign policy priorities and engagements with other nations sometimes lead to differences in strategic perspectives.

Indo-Pacific & China Factor

- a. Dependency- Malaysia's deep economic dependence on China constrains deeper strategic alignment with India.
- b. South China Sea- Differing approaches within ASEAN regarding South China Sea disputes also impact relations.

Connectivity Constraints- There is an underutilization of maritime and logistics connectivity despite geographical proximity. Challenges include limited direct shipping and a lack of integrated supply chains.

Defence & Strategic Limitations- Defence cooperation remains below potential, largely limited to training and exercises. There is a lack of joint defence production or significant technology transfer.

Diaspora Issues- Concerns persist regarding the welfare, employment conditions, and political representation of the Indian-origin community in Malaysia.

Conclusion

Milestone- India and Malaysia completed 65 years of modern diplomatic relations in 2022.

Trajectory- The relationship has evolved from a Strategic Partnership to an Enhanced Strategic Partnership and now to a Comprehensive Strategic Partnership.

Future Outlook- New cooperation avenues are forthcoming in areas such as cultural diplomacy, the digital economy, and agricultural commodities.

Source- <https://www.thehindu.com/news/national/pm-modi-vows-stronger-india-malaysia-ties-in-strategic-pivot-says-no-compromise-on-terrorism/article70608243.ece>

