Modern-day relations between India and Malaysia were officially established in 1957 when the Federation of Malaya (Malaysia’s predecessor state) achieved independence from Britain. Over the last 61 years, the relationship between India and Malaysia has, indeed, evolved and grown across a number of areas such that it presently overlays a comprehensive spectrum of areas, ranging from economic and commercial to defence and security issues. In fact, relations between both the countries have witnessed significant progress in the last two decades and moved to greater heights. Interestingly, in 2018, India not only marks the 61st year of its official relations with Malaysia but also the 26th year of its relations with the Association of Southeast Asian Nations (ASEAN).

MALAYSIA: INDIA’S GATEWAY TO ASEAN

By Dr. Jatswan S. Sidhu*

It was in the early 1990s that India began paying greater attention to the region and ASEAN in particular. This was mainly attributed to the former’s newly-minted Look East Policy (LEP) that was introduced in 1992 under the premiership of Narashima Rao and which subsequently saw the latter making official visits to a number of ASEAN member states. It was also in 1992 that India was admitted as an ASEAN dialogue partner in a limited number of sectors and, in the same year, the relationship was institutionalised as the India-ASEAN Summit. A year later, in 1993, India gained admission into the ASEAN Regional Forum (ARF) and also appeared at the ASEAN Post Ministerial Conference (PMC). By 1996, India had attained the status of ASEAN’s full dialogue partner and, in
2002, became ASEAN’s summit level partner. Ten years later, in 2012, India’s relationship with ASEAN was upgraded to a ‘strategic partnership’ and, since 2015, India has also been maintaining a mission to ASEAN in Jakarta. In addition to these, India is also a member of the East Asian Summit (EAS), founded under the auspices of ASEAN in 2005. India’s institutionalised dialogue with ASEAN currently covers around 30 sectors. It is noteworthy to mention that India’s relations with ASEAN have gained greater prominence since 2014 with the introduction of the Act East Policy by Prime Minister Narendra Modi.

With India now ‘actively looking East’ and engaging ASEAN as well as other East Asian countries on a number of issues ranging from trade, commerce and investments as well as security and defence, India should utilise Malaysia as a stepping stone and gateway for its deeper engagement with the ASEAN region and beyond. Malaysia is, in fact, well poised to facilitate such a role and this has also been acknowledged by both sides on a number of occasions. In fact, as early as 2012, the Malaysian government had affirmed its commitment to assist the entry of Indian enterprises into the region, with Malaysia serving as India’s gateway into Southeast Asia. This was reiterated in 2017 by former Malaysian Prime Minister Najib Razak when he stated that India can leverage its good ties with Malaysia to penetrate ASEAN. He was also quoted as saying that “our country can be your gateway for ASEAN and beyond. I urge all of you [Indian enterprises] to take advantage of the wealth of opportunities offered by Malaysia.” Similarly, Indian Prime Minister Narendra Modi, during his 2015 visit to Malaysia, categorically stated that India’s relations with Malaysia were at the core of India’s Act East Policy, thus affirming Malaysia’s centrality vis-à-vis the said policy.

India’s extremely close and cordial relations with Malaysia can be of immense benefit as the latter can act as a bridge or gateway between India and the ASEAN region as well as beyond. This is due to a number of reasons.

To begin with, it is important to emphasise that relations between India and Malaysia are based on profound historical, social and cultural ties dating back centuries. In fact, since the early years of independence, the ties between India and Malaysia have been premised on mutual trust and respect for each other. In addition, both India and Malaysia are also former British colonies that share many commonalities in areas such as education, judiciary, government, and politics. Both are also ethnically and religiously diverse countries and have always promoted the idea of ‘unity in diversity’ in their respective nation-building programmes.

On another note, while Malaysia is a Muslim majority country, India, on the other hand, has the third largest Muslim population in the world. Of particular importance and interest to India is Malaysia’s image as a moderate Muslim nation and the success of its de-radicalisation programme. Besides, Malaysia is also home to some 2 million ethnic Indians and, by far, the largest Indian Diaspora in the ASEAN region. This diasporic community, in fact, plays an important role in people-to-people ties between Malaysia and India.

Malaysia’s strategic location is another advantage which India can capitalise. In fact, Malaysia is strategically located right in the middle of Southeast Asia and one of the world’s busiest sea lanes of communication – the Melaka Strait. With close to 100,000 vessels passing through it annually, the Melaka Strait connects the Indian Ocean with the Pacific Ocean and is, thus, vital for international trade. This obviously lends credence to Malaysia’s enormous geostrategic importance.

Apart from that, and as one of the five original founding members of ASEAN in 1967, Malaysia is highly respected within the regional community and also generally in East Asia. This definitely provides it with some degree of clout and leverage over countries in the ASEAN and East Asian region. It is imperative to mention that much of the development within ASEAN itself has been partly a result of Malaysian contribution. This includes the creation of the EAS, of which India is also a member. Besides, since the early 1970s, ASEAN has remained a central focus in Malaysian foreign policy, such that the country highly values and prioritises its relations with its regional neighbours.
As far as infrastructure is concerned, Malaysia currently boasts of having one of the best infrastructures in Southeast Asia, with major highways and a rail network linking the Malaysian peninsula with Thailand and Singapore. This is in addition to a number of modern ports that not only connect Malaysia with major Southeast Asian trading hubs, but even to the world. More importantly, and in terms of connectivity, Malaysia is also not just within reach of Southeast Asian capitals and major cities, but a mere six hours by flight with major Asian capital cities, including New Delhi.

Based on the 2017-2018 Global Competitiveness Report by the World Economic Forum (WEF), Malaysia was ranked 23rd out of 137 countries, thus making it the second most competitive country in the ASEAN region after Singapore. In terms of trade openness in the ASEAN region, Malaysia was ranked third after Singapore and Vietnam, while as far as ease of doing business is concerned, in 2018 alone, Malaysia ranked second after Singapore in the Southeast Asian region. In fact, not only is the country politically stable, it is extremely business friendly, not to mention the fact that it is also endowed with abundant natural resources.

In the area of trade and commerce, Malaysia is India’s third largest trading partner in the ASEAN region, after Indonesia and Singapore. In 2016 alone, trade between both amounted to $11.72 billion, with India’s exports to Malaysia valued at $4 billion while India’s imports from Malaysia stood at $7.72 billion. Further, in 2016-2017, India’s imports from Malaysia grew to be worth $8.9 billion while its exports to Malaysia were valued at $5.24 billion. On the other hand, for Malaysia, India has been its largest trading partner in the South Asian region since 1998.

While ASEAN, in general, has been a major destination for outward foreign direct investments (FDI) from India, Malaysia has been one of the countries that has been the main recipient of Indian investments in the ASEAN region. In fact, Malaysia is currently the second largest recipient of Indian foreign direct investment after Singapore, with cumulative investments valued at around $2.31 billion. In addition, a number of Indian multinational enterprises are also present in Malaysia and...
these include Tata Consulting, Tata Steel, Reliance Industries, Hindalco Industries, Wipro, Cipla, and Dr. Reddy’s Laboratories, to name a few. Although Singapore remains a favourite, nonetheless, a significant number of Indian multinational enterprises have decided to make Malaysia their hub of operations, obviously indicating the importance of Malaysia vis-à-viz the region.

In conclusion, while ties between India and Malaysia have been growing in a number of areas, Malaysia has also been increasingly viewed by New Delhi as a gateway to and stepping stone for India into the ASEAN region. In short, Malaysia is important to India as close relations with the latter can provide the former with a greater opportunity to penetrate into and enhance its engagement with the region. It is important to note that the bilateral relationship is not one-sided but, in actual fact, reciprocal as both view each other as gateways into their respective regions. According to one source, “where Malaysia sees India as a gateway to the Indian subcontinent, India sees Malaysia as a gateway to Southeast Asia through ASEAN”.

* The author is Associate Professor at the Department of International and Strategic Studies, University of Malaya (UM) in Kuala Lumpur, Malaysia