Publisher's Note

Celebrating the 61st Anniversary of Malaysia’s National Day, it is a great honour for me to present this special edition on Malaysia-India relations.

I, on behalf of Diplomacy & Beyond Plus, convey my heartiest felicitations to the people of both nations on this landmark occasion.

The historical bonds formed between the people of Malaysia and India are such that they long predate the modern era, bonds that are deeply entrenched in historical, social and cultural links.

Shared history apart, Malaysia and India today are partners on a host of issues including security, trade, science and infrastructure, and telecommunications technology. This relationship, built on the foundations of the friendship shared by Malaysian Prime Minister Tunku Abdul Rahman and Indian Prime Minister Jawaharlal Nehru has developed into a multi-faceted partnership that touches almost every area of bilateral cooperation.

This relationship is marked by the exchange of several high-level visits between the two countries. Indian Prime Minister Shri Narendra Modi’s visit to congratulate Malaysian Prime Minister Dr. Mahathir Bin Mohammad in May 2018 was a reflection of how significant bilateral ties between the two countries are.

This special report skilfully focuses on each and every aspect of this bilateral relationship. It can serve as a useful guide to anyone interested in knowing more about the Malaysia - India partnership.

We are deeply obliged to the High Commissioner of Malaysia to India, H.E. Dato Hidayat Abdul Hamid for giving us an exclusive interview and message where he talked about the multi-faceted nature of the bilateral ties between Malaysia and India.

On behalf of our entire team, I convey my sincere gratitude to all contributors for their valuable inputs to Diplomacy & Beyond Plus.

Surya Prakash
Publisher
INTerview
H.E. Dato Hidayat Abdul Hamid
"India is a big market for Malaysia. As long as it brings mutual benefits, these companies will continue their presence here."

Malaysia-India Relations: Strengthening a Political, Strategic Partnership
Although modern-day relations are around 61 years old, the contact between the two countries goes back to the pre-modern era such that relations are deeply entrenched in historical, social and cultural links.

Re-Energising India & Malaysia’s Economic Partnership
Indian Prime Minister Shri Narendra Modi personally congratulated the new Malaysian PM on May 31, 2018.

Development & Growth of Small and Medium Enterprises and ICT in Malaysia
Taking into account the current theme: Creating New Dynamism. Fostering a Shared Future, APEC 2017 highlights that one of its key priorities is to strengthen MSME’s competitiveness and innovation in the digital age.

Malaysia’s Rising Industrial Sectors
Malaysia attracted consequential foreign direct investment from major multinational corporations allowing Malaysia to become an insignificant manufacturing hub for high-tech electronics products.

Malaysia’s Higher Education System: On Its Way to Becoming One of the World’s Best
Increased initiative on the part of the government and the citizens plus the emergence of a knowledge society in Malaysia all contributed to the progress Malaysia has made in the field of higher education.
SHRED THE BURNING DESIRES FOR ADVENTURE: A THRILLING JAUNT IN MALAYSIA

Multiculturalism has made Malaysia a gastronomical paradise and home to hundreds of colourful festivals. It’s no wonder why their people love celebrating and socializing.

A GASTRONOMICAL BLISS: MALAYSIA, A CONNOISSEUR OF GREAT FLAVORS!

The gastronomic adventure begins with Malaysian and Chinese dishes, then passing on to the Nonya Indian and savouring Portuguese cuisine, all of this influenced by cosmopolitan touches.

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MALAYSIA-INDIA RELATIONS:
STRENGTHENING A POLITICAL,
STRATEGIC PARTNERSHIP

Dr. Jatswan S. Sidhu

Although modern-day relations are around 61 years old, the contact between the two countries goes back to the pre-modern era in such a way that relations are deeply entrenched in historical, social and cultural links.

Malaysia established official diplomatic relations with India in 1957 when the country achieved its independence from British colonial rule. In fact, in 1957, Malaysia had official diplomatic relations with just seven countries around the world, with India being one of them. Although modern-day relations are around 61 years old, the contact between the two countries goes back to the pre-modern era such that relations are deeply entrenched in historical, social and cultural links. During the early days of relations between both, Malaysia exhibited considerable empathy towards India and took a firm
In another direction, most Indian Prime Ministers too have made official visits to Malaysia on a number of occasions and these include amongst others Nehru (1954 and 1964), Indira Gandhi (1968), V. P. Singh (1990), P.V. Narasimha Rao (1995), Atal Bihari Vajpayee (2001), Manmohan Singh (2005 and 2010) and Narendra Modi (2015 and 2018). In fact, when a new government came into power in Malaysia on 9 May 2018, Indian Prime Minister Narendra Modi became the second foreign head of government to pay a courtesy call to Malaysia’s newly-elected Prime Minister, Mahathir Mohamad, on 31 May 2018. Although on a brief stop-over, both managed to discuss ways to enhance bilateral relations. PM Modi later tweeted that he was thankful for Mahathir’s warm welcome and was also quoted as saying that they “had productive discussions on further cementing India-Malaysia ties.”

A number of factors have facilitated and help to cement close relations between both countries. Apart from the pre-modern historical ties between the Indian sub-continent and the Malay Peninsula, both Malaysia and India were British colonies that share a lot in common, especially in areas like politics, judiciary and education. Being a multi-ethnic country, Malaysia is also home to some two million Malaysians of Indian origin who play a key role in people-to-people ties between both the countries. Economically, Malaysia views India as a country with abundant opportunities mainly due to its rapidly growing economy. In addition, Malaysia’s close relations with India are also premised on the reality that India can provide a counterbalance to China’s rise and especially its influence in the Southeast Asian region. For India, Malaysia’s strategic
location in the middle of the Melaka Strait accords traction for the latter’s prodigious geostrategic significance. Like India, Malaysia is also a rapidly growing economy that provides India with an array of economic opportunities. India places Malaysia at the core of its Act East Policy and a key partner in the Southeast Asian region – a fact that was confirmed by Indian Prime Minister Modi during his 2015 visit to Malaysia. These relations have gained much prominence mainly due to New Delhi’s Look East Policy, and now, the Act East Policy. In 2010, relations between both countries were moved to the level of a ‘strategic partnership’. It was in the same year that Malaysia and India entered into the Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA) that came into force on 1 July 2011. Aimed at enhancing bilateral trade, investments, services and economic relations between both the countries, MICECA is a comprehensive agreement covering trade in goods, services, investments and movement of natural persons. The year 2015 was another watershed in the history of Malaysia-India relations as the relationship between both were moved to the level of an ‘enhanced strategic partnership’.

A number of Malaysian and India state governments have also been undertaking efforts at collaboration in a number of areas. These include the Malaysian state of Penang and Indian states such as Andhra Pradesh and Telangana. In the area of trade and commerce, bilateral trade has been expanding invariably over the decades. While in 1992 total trade between both was valued at US$600 million, by 2016, it was at US$11.72 billion. Much of Malaysia’s trade with India comprises of palm and crude oil, with the annual trade balance favoring the former. In 2017, India was Malaysia’s eighth largest export market and ninth largest import source. Further, India was Malaysia’s tenth largest trading partner and second largest from the Southeast Asian region. Apart from trade and commerce, foreign direct investments (FDI) between both have also been steadily increasing over the years. While India started its first joint venture in Malaysia in 1968, by the 1970s
and the 1980s, there were already around 40 Indian joint ventures in the country. In fact, from 1980 and 1990, India invested some US$234 million in Malaysia, covering around 88 projects. Currently, some 150 Indian corporations, namely in the pharmaceuticals, information technology, biotechnology, automobiles, education and healthcare sectors, operate in Malaysia with total Indian investment in Malaysia at US$2.5 billion. Overall, India’s cumulative FDI in Malaysia between 1980 and 2014 was at US$2.31 billion.

Malaysian companies have also been steadily increasing their investments in India over the years. While Malaysian FDI in India in 1990 stood at US$400 million, it was the 25th largest investor in India with FDI inflows of $839.12 million by June 2017. Further, Malaysian companies have completed some 98 highway and road projects in India valued at US$4.64 billion. The tourism sector has also been of great interest to both Malaysia and India. For Malaysia, India was its sixth major source of inbound tourists in 2016 with some 638,578 Indian nationals visiting country. In addition, there are also currently some 170 weekly flights connecting major Malaysian cities with major Indian cities. Cooperation in defence is yet another area where both the countries have been working closely. As a result of the MoU on Defence Cooperation signed in 1993, the Malaysia-India Defence Cooperation (MIDCOM) was formed to further enhance defence cooperation between both. Apart from high level defence personnel meetings and sharing of vital defence/security information, both countries have also been undertaking joint military exercises – with the first military exercise in 2012 and the first naval exercise in 2016. In addition to this, Malaysia has been participating in the MILAN naval exercise since 1997 – a multilateral naval exercise hosted by the Indian Navy’s Andaman and Nicobar Command and currently comprising of 16 nations. Malaysia has also enlisted India’s assistance in its defence modernization programme, amongst which includes its plan to build a defence and security technology park. Both Malaysia and India have also been cooperating on a number of security concerns issues which include the South China Sea, freedom of navigation, security in the Melaka Straits and radicalization and terrorism. Both are of the opinion that an attempt by any major power to increase its military presence in the South China Sea can potentially lead to conflict and compromise the freedom of navigation. Currently, both countries also cooperate on issues pertaining to anti-terrorism efforts and security in the Melaka Strait. Taking stock of the millennia-old relations between Malaysia and India, one can conclude that the bond between both has been steadily growing, with its pace increasing since the early 1990s, mainly due to India’s Look East Policy, and at present, the Act East Policy. If this relationship can enhance track two diplomacy alongside traditional government-to-government links, it would surely enable both India and Malaysia to realize the full potential of their relationship.

PHOTO: Prime Minister Narendra Modi paying a courtesy call to newly-elected Malaysian Prime Minister Dr. Mahathir Bin Mohammad