



India–Malaysia Strategic Relations

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If strategic ties are considered as the yardstick for assessing the overall relations between two countries, then India–Malaysia relations can be categorised as a “missed opportunity”. This is primarily because, despite the historical linkages, both countries are yet to go beyond their differences in order to bolster their bilateral ties. This paper aims to analyse the various dimensions of India–Malaysia relations, as well as areas of convergence and divergence.

Introduction

India’s diplomatic ties with Malaysia date back to 1957 when the latter gained its independence and India became one of the first countries to recognise her as an independent state. The first prime ministers of the two countries, Jawaharlal Nehru and Tunku Abdul Rahman, shared cordial relations and promoted each other’s interests in region. The Nehruvian era can, in fact, be described as golden era of bilateral relations between India and Malaysia. Yet, despite an early start and New Delhi’s proximity with Kuala Lumpur, the countries did not fully realise their potential in terms of bilateral relations.

The year 2007 marked the 50th anniversary of the establishment of diplomatic ties between India and Malaysia and a new beginning for enhancing their bilateral ties.

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The first strategic dialogue between the two countries was held in New Delhi in April 2007 and it was followed by a second in January 2010 in Kuala Lumpur. The year 2010, in fact, was a turning point in the history of India–Malaysia relations as it witnessed two high level visits from both sides. The Malaysian Prime Minister Mohd. Najib visited India in January 2010, followed by Prime Minister Manmohan Singh's visit to Kuala Lumpur in October 2010. Both these visits laid down a strong foundation for the building of a strategic partnership. During Najib's visit the two countries signed several agreements of mutual concern and discussed various bilateral and multilateral issues for possible future cooperation. Najib described the ties between the two countries as:

"We have had our cultural and historical ties over centuries, but what excites us is the future. It is a more vibrant economy and an India that's more confident having gone through its reforms and liberalisation. People here are more confident of the future and this is why we have decided that India will be a major strategic partner for Malaysia".¹

During Manmohan Singh's visit to Malaysia, both countries welcomed the conclusion of the negotiations towards a high quality and mutually beneficial Comprehensive Economic Cooperation Agreement (CECA) to further enhance the flow of trade and investment between the two countries. They agreed to sign the CECA by January 31, 2011, and to implement it by July 1, 2011. The two countries promised to promote more exchanges at the Cabinet level, notably between the ministers in charge of trade and industry, railways, road transport and highways, tourism, energy (especially renewable), higher education and knowledge. The two leaders also agreed to explore the possibilities of joint collaboration on projects of mutual interest in the defence sector on the basis of experience gained during the successful completion of the SU30 MKM training programme, including the areas of industry collaboration and partnership. Both sides also decided to enhance cooperation in counter-terrorism strategy through information sharing and the establishment of a bilateral Joint Working Group. The leaders acknowledged that the partnership has moved beyond the bilateral framework and that the two countries share a mutual interest in cooperating for peace, prosperity and security of the Asia-Pacific region and beyond.²

In the media statement after the official talks with prime minister of Malaysia on October 27, 2010, Prime Minister Manmohan Singh emphasised that

*“We agreed on the need to reform the United Nations, including its Security Council, and international financial institutions. Both of us share the view that the regional architecture for cooperation in the Asia-Pacific region should be open, inclusive and transparent.”*³

Assessing the India–Malaysia relations, Professor G.V.C. Naidu pointed out that the Malaysian Prime Minister Mohd. Najib’s visit to India in mid-January 2010 helped in putting behind several problems that bilateral relations had faced especially during Mahathir Mohammad’s prime ministership and began a new era.⁴ The paper attempts to explore the scope for enhancement of India–Malaysia relations in the strategic domain, especially when the maritime cooperation between the two Asian nations remain limited, notwithstanding India’s help in building Malaysia’s Coast Guard. It aims to highlight New Delhi’s need for maritime cooperation, not just with Malaysia, but with the entire South East Asian region.

Historical Background

The politico-economic and socio-cultural ties between India and Malaysia go back to the pre-Christian era. That era, dominated by mercantile links also brought Hinduism and Buddhism to the Malay Peninsula. The Indian influence is quite visible even in today’s Malaysian society, especially in their language and the rituals of the royalty. The inception of the history of modern Malaysia is the founding of the Malacca Sultanate in 1497, when the Hindu Raja Parameswaran of Malacca converted to Islam.⁵ Hindu concepts of kingship and Hindu administrative institutions and ceremonies became so deeply embedded in Malayan royal culture that even after the Islamisation of the state these practices continue to be followed.⁶ Indian migration during this period was relatively small in scale and limited in geographic scope. The bulk of Indians came during the colonial era as plantation workers. Nearly, 1.6 million Indians (7.3% of the country’s population) in Malaysia at present are either immigrants or descendants of recent immigrants.⁷

S. Arasaratnam, an eminent scholar on India–Malaysia relations, noted that from the early centuries of the Christian era, perhaps even before, the Bay of Bengal has been a means of interaction for India and Malaysia relations. It brought closer the economies and cultures. In the course of time, this contact evolved into the exchange

of goods, people and ideas, though the proportion of these ingredients has varied in different historical periods. Export of gold and spices from Malaya to India characterised the trade relations of pre-modern period, whereas in recent times, sizeable remittances have been sent back home by migrant Indians. The only difference was that in the former period, India supplied goods while in the latter period it primarily supplied labour.⁸ During the colonial period, the interaction between Malaysia and India was limited because both countries were colonised by the British. Britain established its first colony in the Malay Peninsula in 1786, with the lease of the island of Penang to the British East India Company by the Sultan of Kedah. Britain needed a labour force for its plantations in Malaysia and preferred to import the same, largely from India. The largest average annual flow of Indians into Malaya occurred during the period 1911–1930, when more than 90,000 immigrants arrived in the country every year. Initially, the condition of Indians in Malaysia was not much better than that of slaves. Once Indians were certain that they were there to stay permanently, they adjusted themselves to the Malaysian society.⁹

The Cold War Era

India's interaction with the Southeast Asian region during the Cold War was more visible in bilateral relations with individual countries namely Singapore, Indonesia and Malaysia rather than with the Association of Southeast Asian Nations (ASEAN) as a collective entity. Nehru's experience of non-alignment influenced not only Malaysia but the entire Southeast Asian block.

Diplomatic ties between India and Malaysia were established soon after Malaysia's independence in 1957, an event that was celebrated by the Indian Prime Minister Jawaharlal Nehru. The Malaysian Prime Minister Tunku Abdul Rahman had made efforts to advance links between the two countries and during a period of grave crisis, the Sino-Indian war of 1962, Malaysia proved to be a good friend of India.¹⁰

In an article the then-Malaysian Prime Minister Tunku Abdul Rahman in the *Foreign Affairs* journal, July 1965, mentioned,

“Malaya was among the first to condemn Communist China's blatant invasion of Tibet and the subjugation of that ill-fated nation. Again, when the Communist Chinese pressed on further and treacherously attacked their sympathetic neighbor,

*India, I was the first to condemn their aggression unreservedly, as I happened to arrive in Calcutta the day it began; and during my tour of India in that month of October 1962, I exposed the Chinese motives behind aggression. On my return to Singapore in November, I stated that in the event of a declaration of war between India and China, Malaya would give India 'all-out support'. Soon afterwards I launched a public campaign, the 'Save Democracy Fund', which raised more than one million dollars to help India defend herself against Chinese aggression."*¹¹

During the *Konfrontasi*¹² with Indonesia, India lobbied on Malaysia's behalf, and also during the Afro-Asian ministerial meeting in 1964. Indian Foreign Minister Swaran Singh lobbied for Malaysia's entry into the second Afro-Asian conference.¹³

During Prime Minister Lal Bahadur Shastri's tenure, India supported the Malaysian candidature for non-permanent membership of UN Security Council. This allowed the two countries to embark on a new phase of understanding in political and economic fields. In the 1965 Indo-Pakistan War, Indonesia supported Pakistan, while Malaysia backed India. On the issue of Kashmir, Kuala Lumpur supported New Delhi despite Malaysia's dominant Islamic identity.¹⁴ While defending Malaysia's support for India, Malaysian former Prime Minister Tunku Abdul Rahman said, "Malaysia's international ties were more important than its religious ties".¹⁵ India reciprocated the support to Malaysia during the *Konfrontasi* despite the fact that this caused resentment in Indonesia. This showed the commitment of both nations towards each other and thereafter the relationship between the two grew considerably. In 1965–66 India offered training facilities to the Royal Malaysian Air Force and admission in its military colleges.¹⁶

India and Malaysia concentrated on cultural and technological exchanges when Prime Minister Indira Gandhi was at the helm of affairs. Malaysia came out openly to extend help and cooperation to India during the 1971 Bangladesh crisis. Malaysia voted in the United Nations in favour of the resolution for the withdrawal of foreign troops from East Bengal and was amongst the first few countries to recognise Bangladesh in 1972. However, the relations were strained when India conducted a peaceful nuclear test in May 1974 and Malaysia criticised it. Subsequently, the goodwill between India and Malaysia during Mrs Gandhi's tenure was short-lived.¹⁷

The Morarji Desai led Janata Party Government in 1977 forged close ties with Malaysia and signed some important agreements. The first, enhancing cultural ties, was signed between the two countries in 1978. At the same time Malaysian Premier Datuk Hussain Onn visited India and discussed several issues of mutual concern, especially the Vietnam–Kampuchea conflict. The Malaysian Prime Minister Mahathir Mohammad visited New Delhi in 1983 and raised his concern again over the issue of Kampuchea. The difference of opinion between the two countries disturbed relations in Mrs Gandhi's second term too. In October 1981, Foreign Minister P.V. Narasimha Rao made a two-day official trip to Malaysia. The visit was seen as evidence of New Delhi's desire to clarify its stand on Kampuchea and to open a dialogue with not only Malaysia but entire Southeast Asia.¹⁸

When Rajiv Gandhi became the prime minister of India in November 1984, he made an effort to take the relations between the two countries a step closer. Mahathir Mohammad visited New Delhi and discussed the possible future of regional cooperation in South Asia and Southeast Asia in the backdrop of the South Asian Association for Regional Cooperation (SAARC) formation. Memorandums of understanding (MoUs) were also signed between India and Malaysia in the aviation field. Apart from this, Malaysia sought India's backing for the post of executive secretary of UN's Economic and Social Commission for the Asia Pacific (ESCAP) based in Bangkok and at the same time the Government of India also requested Malaysia to support the nomination of their representative to the Asia Pacific Development Centre.¹⁹

In the 1980s, India's military capabilities and naval power projections were looked at with anxiety, especially within the Southeast Asian countries. Therefore, the mid-1980s did not witness any improvement in India–ASEAN relations. Delhi's relationship with some of the countries did, however, continue on the same keel as before. Prime Minister V.P. Singh's tenure witnessed a large number of tourist inflow from both the sides.²⁰

India's Look East Policy

The end of Cold War in 1991 witnessed the end of power rivalry at the global level. During this period the Indian economy faced a severe crisis arising from dwindling foreign exchange reserves. The crisis triggered a process of economic reforms as India

prepared itself to meet the challenges arising from globalisation and liberalisation. There was a realisation that India needed to restructure itself economically and needed investment for infrastructure development. Neither the Indian state nor the private sector had the capacity to address the drastic situation. If India intended to develop economically and remain competitive in a swiftly globalising world, it had to aggressively attract foreign direct investments (FDI) and the infusion of new technologies. This was the time when India also initiated its “Look East” policy. When India initiated this policy, the large presence of ethnic Indians in Southeast Asia was unquestionably in the minds of the foreign policymakers, but unfortunately India could not leverage its diaspora in strengthening bilateral as well as multilateral relations with the ASEAN.

C. Raja Mohan pointed that there was scepticism within India as well as in the Southeast Asian nations about India’s Look East policy. During the Cold War, India and ASEAN had drifted apart, and the Look East policy sought to reconnect the two economically. As India’s economic reforms unfolded, there was no let-up in the pace of diplomacy towards the region, which saw steady gains. Neither the Indian nuclear tests of 1998, nor the economic crisis in East Asia in the late 1990s, came in the way of rapid expansion of India’s relations with the region. Trade between India and ASEAN has multiplied fourfold – from \$3.1 billion in 1991 to about \$12 billion in 2002.²¹

Speaking at the Harvard university, Yashwant Sinha, the Indian foreign minister during the Vajpayee government, pointed out that India had quietly moved into the second phase of its Look East policy. Phase I of the policy was characterised by trade and investment linkages. Phase II, according to Mr Sinha, is marked by “arrangements for FTAs and establishing of institutional economic linkages with the ASEAN countries”.²²

Bilateral relations between India and Malaysia during Prime Minister P.V. Narasimha Rao’s tenure were strained as New Delhi extended recognition to the Vietnam installed regime in Cambodia. In the early 1990s, Malaysia used every opportunity to lobby for the interests of Muslim countries. For example, Malaysia galvanised international support for the Bosnian Muslims during the Balkan wars, even at the expense of straining its ties within ASEAN. Furthermore, Malaysia highlighted the issue of the destruction of the Babri Mosque in Ayodhya in 1992. Against such a backdrop, Malaysia opposed the proposal to have a separate India–

ASEAN summit despite the strong support that this proposal had received among the other ASEAN members.²³ In contrast, Malaysia was keen to have Pakistan admitted into the ASEAN Regional Forum (ARF) but was disappointed by India's opposition.²⁴ The bitterness of the relations lessened when the two countries focused upon South–South cooperation. However, successive governments in Delhi witnessed a lack of trust and understanding between India and Malaysia despite several state visits from both sides. The second phase of India's Look East Policy was hastened by the 9/11 terrorist attack on America.

The Indian Diaspora

The Indian diaspora has emerged as one of the largest in today's globalised world. There are more than 20 million persons of Indian origin (PIOs) and some 6 million non-resident Indians (NRI) spread over 136 countries. The Indian diaspora constitutes more than 40% of the population in Fiji, Mauritius, Trinidad, Guyana and Surinam.²⁵ The presence of the Indian Diaspora in Malaysia is a crucial and deciding factor in India's relations with the host nation. Every Southeast Asian country has either PIOs or NRIs, but Malaysia occupies an important position in this regard as it houses the largest number of Indian expatriates in Southeast Asia — 7.3% of its population. Nearly 80% of the Indians are engaged in manual work, both as unskilled and semi-skilled labourers. Only 6% are in the administrative, professional or managerial categories. The Indian population in Malaysia owns only 1.5% of that country's wealth.²⁶

Though diasporas have emerged as a powerful factor in developing relations between nation-states, it seems to have worked in the reverse in the case of India–Malaysia relations, and several unfortunate incidents have taken place in Malaysia involving the Indian community. Divided along racial lines, reinforced by religion, culture, language and occupation, Malaysian society faces a constant threat of ethnic violence. Following racial riots in May 1969, nearly 60,000 Indians returned to India during 1969–1970.²⁷

Marginalisation of the Ethnic Indians

Professor V. Suryanarayan, another noted voice on India–Malaysia relations, observed that the crux of the problem lies in the social and economic condition of

the PIOs in Malaysia. Among Malaysians, those of Indian origin lag behind in many socio-economic indicators and remain lumpenised. Forty per cent of the serious crimes in Malaysia are committed by Indians; there are 38 Indian-based gangs with 1500 active members; Indians also form the highest number of those detained under emergency regulations. Further, Indians have the highest suicide rate, and account for 20% of child and wife abuse and 14% of juvenile delinquents. In Kuala Lumpur they comprise 15% of the squatters. Malay-Indians are represented through the Malaysian Indian Congress (MIC), which is an important constituent of the United Malay National Organization (UMNO).²⁸

After the 1969 racial riots, the Malaysian government's initiation of the Bumiputera policy to embrace indigenous people was a major source of marginalisation of the Malaysian Indians. Ethnic Indians are not alone in expressing their grievances against Malaysia's Bumiputera policy; even many Malays are tired of this policy and feel that it has been of benefit only to the rich and powerful, especially the Chinese. Because of the majoritarian politics of Malaysia, there have emerged dispossessed, impoverished, illiterate and politically marginalised Indians, somewhat sandwiched between politically powerful Malays and economically powerful Chinese.

Islamisation of the Malaysian Society

Apart from the continuing socio-economic and politico-cultural discrimination of the ethnic Indians in Malaysia, the growing Islamisation of the Malaysian society is also one of the major factors for the peculiar condition of the Malaysian Indians. Najib declared on August 2007 that Malaysia has "never been secular because being secular by Western definition means separation of the Islamic principles in the way we govern the country".²⁹ The above statement, now the prime minister of Malaysia, clearly shows the attitude of the Malay political elites towards other religions and minorities of Malaysia. According to T.M. Ramachandran, the Founder of Hindu Rights Action Force (HINDRAF), radical Islamists are behind the resurgence of Islamic fundamentalism in Malaysia and are not concerned with the religious rights of the non-Muslims. In recent years the Wahabbis form of Islam has taken strong roots in Malaysia. Therefore, the non-Muslims, especially Hindus, feel that they are completely marginal to the dominant cultural ethos, norms and tradition.³⁰

During the Sixth Pravasi Bharatiya Diwas, a senior second-generation delegate stated,

“In the real sense, recruitment freeze is a non-issue. PIOs in Malaysia are less than 8 per cent of the population, are being systematically persecuted and marginalized in several other ways. Vellu, who uses his Indian origin for cosmetic purposes, has actually supervised this discrimination over the years; our economic rights are under serious threat. There is a clear design to establish the social supremacy of the ethnic majority, and the mismatch between the civil (common) and Sharia laws has come as a tool for the persecution of Indians. Islamization is another way in which we are being marginalized”³¹

The Emergence of HINDRAF and its Impact on March 8, 2008, General Election of Malaysia

The resentment among the ethnic Indians over their marginalisation in Malaysian society culminated in a historic protest rally in Malaysia on November 25, 2007, which internationalised the pitiable conditions of ethnic Indians in the country. The HINDRAF, an apex body of 30 organisations, led this protest. Under the banner of HINDRAF, thousands of people joined the peaceful protest against the marginalisation, namely in the denial of jobs, fair wages, educational facilities, electoral reforms and equal opportunities and rights. The intentions of Malaysian Government to demolish 79 Hindu temples in the name of “development” and the forceful conversion of some Hindus added fuel to the protest. The rally was meant to support a \$4 trillion lawsuit filed in London in August 2007 by HINDRAF demanding that Britain should compensate Malaysian Indians for bringing their forefathers as indentured labourers and exploiting them. It also sought to amend Article 153 of the Malaysian Constitution which provides for Malay supremacy, but Malaysian authorities crushed the protest.³² The government also attempted to link the peaceful HINDRAF rally with terrorists groups such as the Liberation Tigers of Tamil Eelam (LTTE).

The March 8, 2008, general election of Malaysia was held one year in advance. During the election campaign HINDRAF used unconventional methods of campaigning. Using the internet, HINDRAF highlighted the wretched condition of the Malaysian Indians, and put forward their demands and agendas. This resulted

in the unification and awakening of the Malaysian Indian society and consequently Barisan Nasional was denied two-third majority in the parliament and the Malaysian Indian Congress (MIC) was reduced to only three seats from nine seats in 2004; even Samy Vellu lost the election.

India's Response

In the March 9, 2003, incident, when nearly 300 Indian citizens, mostly IT professionals in Kuala Lumpur, were “ill-treated” and “interrogated” by the Malaysian authorities, the Indian government reacted sharply and warned that any repetition of such incidents would affect bilateral ties. The Government of India indicated that it would re-examine bilateral agreements and other trade related concessions given to Malaysia. Foreign Regional Registration Offices (FRROs), including the one in Bangalore, were ordered to verify the credentials of Malaysian nationals registered in India. India also expressed its inability to host the Malaysian health minister towards the end of March 2003. Earlier in the month, during the visit of the Malaysian entrepreneur development minister, talks with Indian ministers were confined to the harassment of Indian IT professionals, instead of the proposed agenda. Similarly, the Ministry of Sports in consultation with the External Affairs Ministry ordered a last minute pull-out of the Indian hockey team from the prestigious Azlan Shah Cup hockey tournament.³³

As history shows, the Indian leadership addressed only a few of the diaspora issues according to its own convenience. During the November 2007 unrest, the Government of India was initially tight-lipped, but after Bharatiya Janata Party (BJP) expressed concern over the plight of ethnic Indians, Prime Minister Manmohan Singh said “New Delhi was disturbed by reports about the use of force against the protesters in the multicultural Islamic country”.³⁴ An ally of the United Progressive Alliance (UPA), the Dravida Munnetra Kazhagam (DMK) expressed concern over the plight of the Tamil Malaysians and demanded the centre's vocal intervention in the matter. In fact, the exodus of Tamils from Malaysia has united the parties across the spectrum in Tamil Nadu. All India Anna Dravida Munnetra Kazhagam (AIADMK) leader J. Jayalalitha and Marumalarchi Dravida Munnetra Kazhagam (MDMK) leader Vaiko also raised their voice against the atrocities of the Tamils in Malaysia (as appears in the various Indian newspaper in the month of November–December 2007).

Over the years, the issue of maltreatment of PIOs has been a source of disquiet for the Indian government. Speaking on the occasion of the inauguration of “Little India” at Kuala Lumpur, in October 2010, Prime Minister Manmohan Singh tried to inject some optimism in the relationship by welcoming the Malaysian Government’s decision to dedicate the area of Brickfields, one of the oldest Indian settlements in the country, as ‘Little India’.³⁵ He did not however directly address the issue of the plight of Malaysian Indians who are considered to be second grade citizens in their host country.

Economic and Commercial Cooperation

Economic and commercial relations are emerging as the mainstay of the bilateral relationship between India and Malaysia. Malaysia is the second largest trading partner for India within ASEAN, and India is the largest trading partner for Malaysia from among the countries of South Asia. During July 2010 visit of the Indian Union Commerce and Industry Minister Shri Anand Sharma, both nations agreed to finalise the free trade agreement (FTA) between India and Malaysia by the end of 2010. The FTA is likely to be signed during the visit of Prime Minister Manmohan Singh to Malaysia later this year.

The main items India exports to Malaysia are copper, aluminium and zinc, meat products, chemicals and petroleum products while major items of imports from Malaysia are crude petroleum, chemicals, palm oil and electronic products. Trade between India and Malaysia has grown from \$2.94 billion in 2003–2004 to \$10.60 billion in 2008–2009. India hopes to take the bilateral trade with Malaysia to US\$15 billion by 2015.³⁶ During the Malaysian prime minister’s January 2010 visit to India, both leaders agreed to advance work on the Comprehensive Economic Partnership in East Asia (CEPEA). They also emphasised the need to focus on strengthening economic cooperation and capacity building initiatives in the region and re-affirmed their commitment to work together in the framework of regional cooperation.³⁷

Defence and Maritime Cooperation

India–Malaysia defence relations have steadily grown over the years but maritime cooperation between India and Malaysia is still modest. A Memorandum of Understanding on Defence Cooperation was signed in 1993, which provides for expanding the

scope of bilateral cooperation to include joint ventures, joint development projects, procurement, logistic and maintenance support and training of Malaysian defence personnel in India at various levels, including at the National Defence College and Staff College.

India has been a regular participant at the Langkawi International Maritime and Aerospace Exhibition. Indian Naval ships frequently visit Malaysian ports. Set up under the provisions of the MoU, the annual Malaysia–India Defence Cooperation Meeting (MIDCOM), co-chaired by the defence secretaries is hosted by India and Malaysia.

India–Malaysia defence relations have grown to include supply of defence equipment and enhanced security dialogues. India accepted Malaysia's request to train the Royal Malaysian Air Force personnel on the operation and maintenance of Su-30 aircraft by the Indian Air Force and Hindustan Aeronautics Limited. The ground training for 135 personnel by HAL and 102 personnel by the Indian Air Force was carried out in India. A 31-member Indian Air Force training team has been deployed in Malaysia since February 2008 for a period of two years to conduct the flying and technical training. The 7th MIDCOM was held in Kuala Lumpur on 14–16 January 2009. Based on the decisions in the MIDCOM, Service Staff Talks for Army, Navy and Air Force have been operationalised. The Defence Minister A.K. Antony undertook a successful visit of Malaysia in January 2008, which was followed by official visits by Chief of Army Staff and Chief of Air Staff in February and August 2008 respectively. In 2009 India's Chief of Naval Staff visited Malaysia and Chief of the Royal Malaysian Air Force visited India. India is also participating in the Cooperative Mechanism on the Straits of Malacca and Singapore (SOMS) and contributed to two of the six IMO Projects (Project 1 and Project 4) for enhancement of navigational safety and environmental protection in the Straits.³⁸ All these high-profile visits and exchanges have taken the bilateral defence cooperation to an altogether new level.

Areas of Convergence/Divergence and Strategic Relations

Despite historical linkages and present cooperation, the India–Malaysia strategic relation is yet to mature. Both nations have to concentrate on the areas of

convergence in their bilateral relations and try to bypass the areas of divergence for the development of their strategic relations.

The China Factor

The growing influence of China in the Indian Ocean Region and in Southeast Asia is a critical reason for both the countries to engage strategically. China has strengthened its naval presence in the South China Sea and is endeavouring to do the same in the Indian Ocean. It has reportedly installed a listening post in the Burmese territory of Coco Islands and thus is aiming to establish its strategic presence in the Indian Ocean Region purportedly through the “String of Pearls”³⁹ strategy. ASEAN nations became fully aware of the Chinese strategies only after the end of Cold War. They were alarmed indeed after the Chinese forces captured Mischief Reef from Philippines in 1992. China reiterated its position by publishing a Chinese map showing the entire group of Spratlys under its sovereignty, and derecognising the possession of Vietnam, Philippines, Malaysia and others. In a submission to the United Nations (UN) in May 2009, it claimed that it had “indisputable sovereignty over the islands in the South China Sea and the adjacent waters, and enjoys sovereign rights and jurisdiction over the relevant waters as well as the seabed and subsoil thereof”.⁴⁰

China’s behaviour has turned more aggressive in the region in the last few years. The concerns in Southeast Asia about China’s rise were visible in Hanoi in the July 2010 ARF meeting. During the meeting, Secretary of State Hillary Clinton for the first time effectively rejected China’s claims to sovereignty over the 1.3 million square-mile sea. Eleven other nations, led by Vietnam, backed the United States.⁴¹

After the Chinese claims over the entire South China Sea, Southeast Asian countries are preparing themselves against further Chinese aggressive intent. Vietnam is in the process of acquiring six Russian Kilo-class submarines and a dozen Su-30MKK jet fighters equipped for maritime warfare. Australia has stated its commitment to buy or build nine more submarines and bolster its air force with 100 US-built F-35s. Malaysia has also paid more than \$1 billion for two diesel submarines from France. Indonesia has recently announced that it, too, will acquire new submarines.⁴²

To balance China’s growing influence in the ASEAN countries of the Indian Ocean Region, India and selected ASEAN countries began holding joint maritime

exercises. In February 2010, the Indian Navy concluded its *Milan series* of maritime exercises in the Andaman and Nicobar islands. The 7th edition of exercise *Milan* was held within the context of the Indian “Look East” policy. Naval ships of Singapore (two ships), Sri Lanka, Thailand, Australia, Bangladesh, Indonesia, Malaysia and Myanmar, with representatives from the navies of Brunei, Philippines, Vietnam and New Zealand participated in exercise *Milan*.⁴³

China does not welcome the ASEAN move to interact with major powers. However, the Indian Navy has conducted joint exercises with the Singaporean, Vietnamese, Japanese and South Korean navies in the South and East China Seas. The Indian Navy, however, has also conducted exercises with the People’s Liberation Army (PLA) Navy whenever Indian ships have visited the region. From the ASEAN perspective, India is seen as a possible counterweight against China in the region.⁴⁴ As the other ASEAN countries rely on India, Malaysia can also join hands with India to balance China’s growing clout. Scholars believe that the South China Sea will be a new area of global tension. This, in turn, can alter the dimension of strategic partnerships in the region.

Defence and Maritime Cooperation

Defence cooperation between India and Malaysia is evident, albeit intermittently. Witnessing overarching Chinese claims over the South China Sea, there is significant scope for navies of both countries to engage constructively. India has helped Malaysia in building up its coast guard in the past. However, maritime cooperation is still limited. Although Indian naval ships frequently visit Malaysian ports, cooperation with regard to capacity-building and patrolling piracy-infested areas or jointly facing non-traditional threats at sea like drug-trafficking, human-trafficking and possible maritime terrorism remain inadequate. India has a strong navy with technological credibility that can be leveraged by Malaysia. Frequent joint naval exercises similar to India-Singapore exercises and deeper cooperation in training and exchange of defence personnel could form additional and viable confidence-building measures. Collaboration on missile technology, radar systems, defence component systems and supporting hardware are again areas where Malaysia can work in partnership with India.⁴⁵

India has provided training to Malaysia’s Air Force pilots on MIG-29s in the past and has offered training also on the Sukhoi. India has shown keenness to sell Brahmos missiles to friendly countries and Malaysia was one of them.⁴⁶ One major problem

with regard to the lack of cooperation in the field of defence within Malaysia has been inadequate information about the available weapon systems in India, incompatibility owing to the different weapon systems, differences in financial terms and servicing and spare parts facilities. Malaysia has been engaged in a defence modernisation programme and would like to obtain assistance in weapons up-gradation and systems integration. Like India, the Malaysian authorities mostly rely on Russia for their defence procurements. India is experienced in Russian products and has developed the technological capabilities of low cost servicing of the same. Therefore, India could be a potential ally for Malaysia in this field.⁴⁷

Science and Technology

Science and technology is also another area of convergence as both countries signed an agreement in 1998 on science and technology cooperation in the specific areas of biotechnology, IT, advanced manufacturing systems and advanced materials. India and Malaysia are also involved in various science and technology collaborations under the aegis of ASEAN. India's superiority in software, biotechnology, telecommunications, genomics and space technology can be of enormous value to Malaysia, while Malaysia's vast experience in state-of-the-art information and communication technology infrastructure and agro-based industries as well as its successful nurturing of tourism can be valuable for India. Thus possibilities of joint projects in this area are likely to be prominent in the coming years.⁴⁸

Alternative Energy Sources

Increasing energy demands, rising price and the limited sources of oil and other hydrocarbon energy products in the world keeps the global community under pressure to look for alternative sources of energy. Bio-fuels and biodiesel are the new alternative sources of energy. Palm oil and other edible oils are important in the creation of bio-fuels and biodiesel. Malaysia is the largest producer of palm oil and India has the technological capability to convert into alternative energy. Because of the lower cost, India is giving preference to Indonesia for importing palm oil. On the other hand energy-disadvantaged India is the biggest market for these energy sources which is also mutually beneficial.⁴⁹ During the October 2010 visit of the Indian prime minister to Malaysia, both countries agreed to enhance cooperation in the field of renewable energy.

Terrorism

The joint communiqué issued on the occasion of the Malaysian Prime Minister Najib's visit to New Delhi in January 2010 pointed out that fighting terrorism could be more effective if India and Malaysia prepare a joint road map. Being an Islamic state, Malaysia could play an important role in dealing with the Islamic forces. In Southeast Asia a few jihadi terrorist groups, namely Jemaah Islamiyah, Abu Sayyaf and Moro Islamic Liberation Front (MILF) are active and some of them are linked with Al Qaeda. The ASEAN countries, including Malaysia, have been considering the region as a major theatre of operations for Al Qaeda over the past years. The security agencies are watching out for potential reprisals from Islamist terrorist groups around the region following news of the death of Osama bin Laden by the special forces of America on May 2, 2011.⁵⁰ Therefore, this is an opportune time for India to prepare a joint road map with Malaysia to curb terrorism.

Areas of Divergence

The marginalised condition of the ethnic Indians in Malaysia is considered to be the major area of divergence for India–Malaysia bilateral relations, but there is potential for improving it and using it constructively. Singapore is leveraging the Indian diaspora as an asset by wooing them in the United States for investments, technology and other expertise. This could be an eye-opener for other countries having a sizable Indian diaspora. Taking a cue from Singapore, Malaysia can leverage the Indian diaspora as an asset and not treat it as a liability. If Malaysia considers ethnic Indians as an asset, then the relations between India and Malaysia will improve significantly.

Working on the above mentioned aspects will fuel mutual trust and understanding between India and Malaysia and better strategic relations may develop.

Conclusion

In the Cold War era, Malaysia sided with India both in the 1962 and the 1965 wars and also supported India's stand on Kashmir. Malaysia also came out openly to extend help and cooperation to India during the 1971 Bangladesh crisis and was among the first few countries to recognise Bangladesh. India and Malaysia are common members of various fora such as the Non-Aligned Movement (NAM), the G-15, the G-77, the Commonwealth, the World Trade Organization (WTO), ARF, the East Asia Summit

and the Indian Ocean Rim-Association for Regional Cooperation (IORAC). However, the relations between India and Malaysia so far can be categorised as “missed opportunity”, despite having bilateral and multilateral engagements. Both are yet to develop an appropriate level of mutual trust and understanding in their bilateral relations. In fact these are prerequisites for developing strategic relation between the two countries and for now it seems to be a long way to go to reach that stage.

The Indian government has not been able to develop a strong economic constituency in Malaysia which could strengthen and expand the bilateral political and economic ties between the two countries. It is also desirable for the Malaysian government to develop strong political and economic relations with India, which in turn provides a growing market, a developing economy and a credible political friend. The volume of trade between India and Malaysia will increase if both the nations could implement friendly policies keeping in mind the business ventures of the ethnic Indians.

If the Malaysian government shows greater understanding towards the problems of the Indian community, especially in the estate sector and among urban squatters, the circumstances of ethnic Indians can improve. These changes would also increase the scope for improving bilateral relations. The Government of India, for its part, should promote cultural linkages between India and Malaysia and curb illegal Indian immigration to Malaysia.

The second phase of the India’s Look East policy is nearly over and now the time has come for India to lay the ground work for the third phase, in which it must concentrate on the strategic aspects of the bilateral relations with the entire Southeast and East Asian region. The Indian diaspora can become the determining factor for establishing a long term bilateral relations between India–Malaysia in the future. Therefore, both the countries should use it as an asset and not treat it as a liability. Moreover, it is an opportune time for India to interact strategically with its allies in the region to balance Chinese growing influence and hence, the maritime cooperation between India and the Southeast Asian countries, especially with Malaysia, will be of great importance.

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