

Assessing the Act East Policy – A Perspective from Southeast Asia & Malaysia

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Key Takeaways

- India's Act East Policy (AEP) has matured into a strategic framework delivering tangible outcomes, especially in Southeast Asia.
- Elevation of India-ASEAN ties and multiple Comprehensive Strategic Partnerships signal growing bilateral substance.
- Malaysia sees long-term potential in semiconductor cooperation and broader green and digital transitions with India.
- ASEAN's Community Vision 2045 and India's AEP offer natural points of synergy in a shifting geopolitical landscape.
- Sustained engagement will depend on political will, responsive diplomacy, and credible institutional follow-through.

Introduction

A common refrain in the past from policy practitioners in both Southeast Asia and India was that India-ASEAN relations were often characterised by promise and potential, but very little tangible deliverables or progress. This has changed over the past decade, thanks in part to the successful evolution and execution of India's Act East Policy, which marked its tenth year of implementation in 2024. Rhetoric is now matched by genuine interest and measurable deliverables from both sides. It also marks a reality that both India and ASEAN are increasingly important to each other as geopolitical realities evolve in the Indo-Pacific.

This short article examines both Southeast Asian and Malaysian perspective on the AEP, focusing mainly on future applications. There will be three elements articulated – first, how the AEP is viewed

in Southeast Asia; second, a more focused Malaysia-India bilateral component and how it links to the AEP; and lastly, by way of conclusion, how the AEP can synergise with the goals set by Malaysia as ASEAN Chair in 2025.

A dual-lens approach is necessary as ASEAN-centric viewpoints, which are often based on consensus, are frequently rather skin-deep. It is in the national positions and assessments where the nuance of interests, challenges, opportunities and future pathways often lie. It is no surprise that for some Dialogue Partners, it is collaboration with ASEAN's member states, rather than the association as a whole which often result in the more substantive outcomes.

Acting (South) East

Over past decade, the development and implementation of the AEP has become both a tool and testament to India's growing holistic and strategic relationships in the broader Indo-Pacific, with Southeast Asia at its heart. This is in tandem with India's own development, progress and confidence as an economically and technologically vibrant regional power, deeply connected to various global supply chains and increasingly top-of-mind in any serious conversations on the regional and global order.

This has been closely reflected in Southeast Asia with India-ASEAN ties were elevated to Comprehensive Strategic Partnership (CSP) in 2022 at the 30th anniversary of dialogue relations. Within the last 10 years alone, India has signed CSPs with Vietnam in 2016, Indonesia in 2018, and with Malaysia and Singapore in 2024. India also has a Strategic Partnership with Thailand and Enhanced Partnership with Brunei. These partnerships are a visible demonstration of India's outreach and engagement in Southeast Asia.

The four C's of the AEP - Culture, Commerce, Connectivity and Capacity Building - resonate well with ASEAN member states, laying the fundamental basis for enhanced collaboration. However, the impact of the AEP rests also on the extent of mutually beneficial and sustainable cooperation, which is dependent on both parties. A common gripe for both parties in the past was the inconsistency of India-ASEAN relations, compared to more structured and widespread engagements from other Dialogue Partners like the Plus-3 Northeast Asian countries or Australia and the European Union.

The increase and consolidation of in diplomatic engagements and framing of relationships, including in defence and security, matched by more proactive Track 2 dialogues between stakeholders in India and Southeast Asia would put these gripes to rest. The increased tempo and scope of such engagements was certainly made possible via the coordinated and holistic approach shaped by the AEP.

What this means for ASEAN and its member states is that inertia - on both sides - should no longer be an excuse that can be peddled out. India is acting east, acting fast, acting with purpose. It is then incumbent on ASEAN stakeholders to respond accordingly. As a region of over 690 million people the third largest population in the world, with a nominal GDP of US\$3.8 trillion, the fifth largest economy in the world, and the third largest in Asia - ASEAN certainly has agency, and it cannot afford to wait for external partners to engage it. ASEAN must move proactively to engage and leverage off opportunities offered by the AEP.

From the Southeast Asian perspective however, a point of uncertainty in India acting east comes in the sometimes-sensitive relationships with its eastern neighbours,

Bangladesh and Myanmar. Good relations are politically critical to securing the necessary connectivity and infrastructure routes with mainland Southeast Asia such as the Kaladan Transport Corridor. The uncertainty is not solely confined to diplomatic ties. Both Bangladesh and Myanmar are gripped in their own domestic challenges which further complicates internal stability and delays infrastructure projects.

Priming the Bilateral

On the bilateral front, stakeholders in Malaysia – especially policymakers, industry players and those from the epistemic community – are deeply cognisant that India is now indeed acting East, and no longer merely looking East. As India continues to act east, and do so with purpose and strategy, Malaysia will seek to engage where possible.

On trade, which is a cornerstone of Malaysia's foreign policy, bilateral trade is doing well with a compounded annual growth rate of 8.5% in the last two decades. From 2023-2024, this was valued at just over US \$20 billion. Beyond this figure, however, is the fact that the composition of trade has also diversified reflecting the broadening complexity of trade ties as documented by my colleagues in a policy brief published in 2024. Where most Malaysia's exports to India in the past was primary commodities, it is now increasingly matched by electrical and electronics products. Similarly, India's exports to Malaysia which was historically concentrated in meat, dairy and cereals. Today we see petroleum products and engineering goods outpacing those goods.

When Prime Minister Anwar Ibrahim spoke at Sapru House last August, he pointed out that both Malaysia and India ought to focus not on shared priorities of the past but of the future. These included greater connectivity, sustainable economic growth, green

development, technological transformation and delivery of public goods. Accordingly, one key area which could see promising growth would be greater complementarity in the semiconductor industry.

Malaysia is already the world's sixth largest semiconductor exporter and has expertise in the assembly, testing and packaging, precisely among the areas that India is aiming to develop. As Malaysia seeks to upscale its current capacity over the next two decades, established semiconductor local players are looking to move or expand current capacity abroad to emerging semiconductor countries. Vietnam has been identified as a key destination but so too is India. India's semiconductor market is poised to be valued at US\$109 billion by 2030 from US\$38 billion in 2023, Malaysia is very keen to be a part of this growth. At the same time, India's capabilities in software are almost unparalleled and its engineers well regarded. These are key areas which Malaysia will need to develop as it seeks to upskill in the industry.

What is clear is that it will be a two-way partnership with an abundance of potential. Both Malaysia and India have a lot to gain from each other in assorted sectors – both established and emerging. That said, both sides must also be mindful of potential hurdles which emanate from bilateral relations with third countries and domestic politics. Policymakers would need to be both agile and thoughtful in terms of deft political management and careful messaging.

Conclusion – Synergising ASEAN's Future & the AEP

As ASEAN Chair, Malaysia's aim in 2025 is to focus on strengthening its mechanisms and making them fit for purpose. Thus, finding synergies with other frameworks will be necessary for ASEAN's future endeavours for regional development and prosperity. Unlike

in 2015 when Malaysia was last at the helm of the rotating chair, the geopolitical contexts and realities are much more challenging today which has had a direct impact to the planning and execution of Malaysia's agenda for 2025.

Whether from internal challenges like the Myanmar crisis and the South China Sea disputes, or likelihood of major power rivalries worsening, Malaysia, indeed most ASEAN member states, are deeply concerned that regional cohesion and the inclusive multilateral mechanisms that ASEAN has built are now at risk.

This is what some observers in Malaysia suspect was the calculus behind Malaysia's theme for the year, Inclusivity and Sustainability. It speaks to a sense of urgency for ASEAN in shaping an inclusive and sustainable future for our immediate region and the wider Asia Pacific, especially in the political-security and economic domains, which are increasingly intertwined. It is also a call to ASEAN member states to get their own house in order, to ensure that the association remains dynamic, resilient and relevant.

Under Malaysia's watch, ASEAN will adopt the ASEAN Community Vision 2045,

a long-term strategic document that lays out the future of the regional organisation and its goals. The hope is that it will also provide ASEAN with the foresight and political resolve to steer the region over the next 20 years. The Community Vision, and its corresponding blueprints and action plans, is something that often flies below the radar more high-profile political security and geoeconomic issues dominate the headlines. Nonetheless it is especially important, not just for ASEAN but also its Dialogue Partners. Those who can leverage on these priorities will find themselves positioned advantageously both for ASEAN and its member states.

Given increasing uncertainties over the ongoing US-China rivalry, ASEAN recognises the need for other regional balancers, to generate stability. India is a key partner here, and one that neither ASEAN nor any other international actor can ignore. Thus, for stakeholders in India, finding the synergy between the next decade of the AEP, and ASEAN's Community Vision 2045 will be essential in shaping the next ten years, and more, of India-ASEAN cooperation and growth.



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