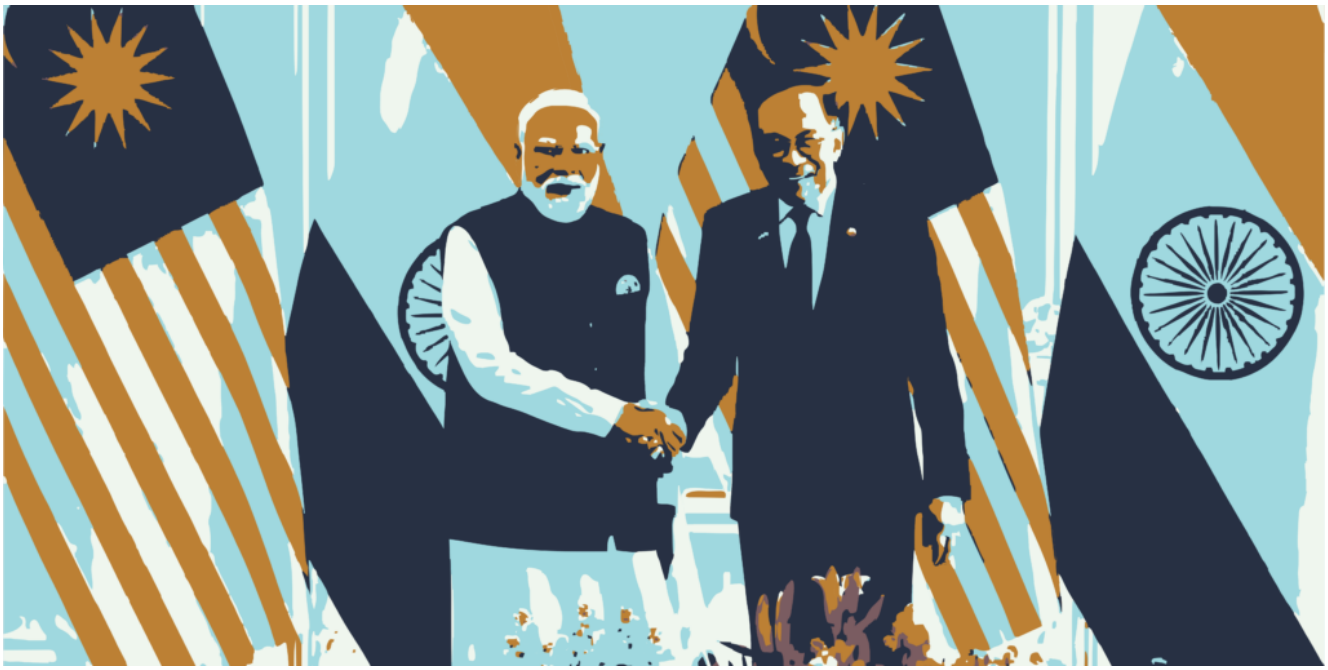
Modi, Malaysia, and the New Momentum in Bilateral Ties

March 19, 2026



A Broad Array of Agreements

From February 7-8, 2026, PM Modi undertook an official visit to Kuala Lumpur at the invitation of Malaysian PM Anwar Ibrahim. Notably, the visit came months after PM Modi skipped the ASEAN Summit held in Kuala Lumpur in October 2025 and instead participated virtually, making this trip a significant step toward resuming high-level engagement.

Reaffirming the Comprehensive Strategic Partnership (CSP) of 2024, both leaders signed eleven MoUs and agreements on diverse sectors ranging from science and technology to people-to-people ties. They also condemned terrorism in all its forms and agreed to enhance cooperation in counter-terrorism, intelligence sharing, and the fight against transnational organized crime.

The 2026 MoUs and agreements covered a wide range of sectors. These included an Audio-Visual Co-production Agreement; an MoU on cooperation in disaster management; an MoU on combating and

preventing corruption; and an MoU on UN peacekeeping cooperation. The two sides also agreed to cooperate in the field of semiconductors; signed a framework agreement on the International Big Cats Alliance; and advanced digital and financial cooperation, including cross-border payment linkage between NPCI and PayNet. Additional agreements addressed social security coordination between India's Employees' State Insurance Corporation and Malaysia's Social Security Organization for Indian citizens insured in Malaysia; cooperation in vocational education and training; security cooperation between the National Security Council Secretariat of India and Malaysia's National Security Council; and cooperation in health and medicine.

Significance of the meeting

The visit comes at a time when India is chairing BRICS in 2026, amid heightened global tension driven by US reciprocal tariffs. Malaysia, meanwhile, is seeking BRICS membership. The deepening engagement between the two countries reflects converging strategic and economic interests.

Malaysia has aspired to join BRICS since June 2024. The urgency intensified after Indonesia became Southeast Asia's first full BRICS member in January 2025. For Kuala Lumpur, membership offers both economic and political benefits. In particular, it would provide "a platform to further its foreign policy agenda on Palestine and reforming global governance institutions," while raising its profile as a voice of the Global South.

However, despite securing China's support, courting Russia, and inviting the presidents of Brazil and South Africa to the 47th ASEAN Summit, Malaysia obtained only the designation of a BRICS "partner country." Malaysia is also aware of India's reservations about further expansion, as New Delhi fears that the "expansion would entail a loss of Indian influence within the group."

Thus, the 2026 bilateral meeting with PM Modi provided Malaysia an opportunity to advance its BRICS aspirations. At the meeting, Malaysia welcomed India's 2026 BRICS chairmanship and expressed appreciation for India's call for reforms to the UNSC. In return, India extended its support for Malaysia's BRICS membership.

For India, Malaysia's support is crucial in the ongoing review of the ASEAN-India Trade in Goods Agreement (AITIGA). As noted in DIPTEL #134, India has expressed concerns over delays in the review process and the growing influence of China within ASEAN. Commerce and Industry Minister Piyush Goyal even described the agreement as "silly" and referred to some ASEAN countries as a "B Team of China." Against this backdrop, India chose to deepen bilateral ties with Malaysia (ASEAN Chair for 2025) for preserving the strategic momentum with the ASEAN bloc.

Notably, Malaysian leaders have previously appeared sympathetic toward Pakistan. Former PM Mahathir Mohamad stated at the UN General Assembly that India has "invaded and occupied Kashmir." He also commented that "people were dying in India because of the Citizenship Amendment Act (CAA)." Last year, PM Ibrahim backed Pakistan's demand for a probe into the Pahalgam terrorist attack. In this context, the 2026 bilateral meeting marked an effort to stabilize what had become strained ties. India's relatively measured response to these provocations—particularly when compared with its sharper stance toward Turkey since 2021—suggests a growing degree of flexibility and pragmatism in its diplomatic approach.

The visit also reflected a shared intent to deepen cooperation in areas such as counter-terrorism, intelligence-sharing, and maritime security, and a continuation in defense collaboration. India is exploring the sale of Dornier aircraft and the maintenance of Scorpene submarines and SU-30 aircraft. Additionally, India announced the opening of a new consulate in Kota Kinabalu, Sabah—an area rich in oil and gas

reserves—which would deepen diplomatic and economic engagement, particularly in the energy and connectivity sectors.

Path Ahead

The recent visit to Malaysia sets the platform for deeper and more comprehensive ties between New Delhi and Kuala Lumpur across a range of sectors. However, the relationship is not devoid of underlying issues.

Despite initiating the AITIGA review and setting a target for completion by the end of 2025, little headway has been madeon key issues. Against this backdrop, rapid operationalization of the MoUs and agreements—on semiconductors, defense, and cross-border payment linkages—will be a critical test of sustained cooperation between India and Malaysia.

Furthermore, a visible trust deficit persists between the two countries.

First, according to the 2025 State of Southeast Asia Survey, Malaysia stands out as one of the ASEAN countries with the highest levels of distrust toward India. About 61.7% of respondents expressed reservations about India's ability to contribute to global peace, security, prosperity, and governance.

Second, India's announcement of plans to open a consulate at Sabah has generated concerns among local leaders, who have questioned its implications for state autonomy, immigration control, local employment, and security.

Finally, while Malaysia joined India in condemning cross-border terrorism, radicalization, and extremism, the extradition of fugitive preacher Zakir Naik is still delayed. In 2018, Malaysia refused to extradite Naik, who had fled India after the National Investigative Agency filed a case against him in 2016 on charges of unlawful activities and

promoting religious hatred. More recently, on February 7, one of Naik's followers, Mohammed Zamri Vinoth, was arrested in Malaysia for planning a rally against "illegal" Hindu temples. All of those indicates that, despite counterterrorism cooperation, sensitivities related to extremism and religious mobilization continues to complicate bilateral ties.

Nevertheless, India's BRICS chairmanship in 2026 and its expanding engagement with the ASEAN trade bloc provide fresh momentum to India-Malaysian relations, offering both countries an opportunity to translate diplomatic announcements into sustained and substantive cooperation.