

From Act East to economic diversification: Decoding PM Modi's three-nation diplomatic mission

PM Modi's July 6-11 tour began in Indonesia, boosting India-Indonesia ties through defence, maritime, trade, AI, education, and digital payment agreements. The visit reinforces India's Act East Policy, MAHASAGAR Vision, and commitment to a free, open Indo-Pacific.



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PM Modi embarked upon a three-nation tour of Indonesia, Australia and New Zealand from July 6-11. Modi said that his visit:

“will further strengthen India’s Act East Policy, MAHASAGAR Vision as well as our outlook towards a free and open Indo-Pacific”.

The timing of the visit is important for several reasons. In a changing global economic landscape, it is important for India to diversify economic relations. There is great scope and potential for India to strengthen economic and strategic ties with all these countries and also further enhance cooperation in the Indo-Pacific. Recent months have witnessed several high-

level visits to India by leaders from East and South-East Asia. The most recent being that of Japan PM, Sanae Takaichi.

PM Modi's Indonesia visit

Significantly, PM Modi's first stop during his three-nation visit was Indonesia (July 6-8). Both countries share historical and cultural linkages, something the PM referred to during his visit. India and Indonesia were also at the forefront of the Non-Aligned Movement (NAM) in the 1950's and while the foreign policies of both countries have witnessed significant shifts in recent decades, they have both sought to follow a balanced foreign policy – while giving precedence to national interests. Both countries are members of BRICS -- India holds the Presidency of the organisation in 2026 -- and G20 and have good relations with G7 countries.

During PM Modi's meeting with Indonesian President Prabowo Subianto, on July 7, several agreements were signed pertaining to defence, maritime cooperation, critical minerals, space, technology digital connectivity, AI, infrastructure and health. While referring to the strengthening of ties between both countries in recent years, Modi said:

"The Comprehensive Strategic Partnership we forged in 2018 is taking a new flight today. We are taking important steps forward in every sector - development, security, technology, culture, and education"

The most noteworthy agreement related to defence was that of: India supplying BrahMos supersonic cruise missile systems and Astra air-to-air missiles to Indonesia. India has signed agreements for supplying BrahMos missiles to two other ASEAN countries Vietnam and Philippines.

While commenting on the deepening of defence and security ties PM Modi said:

"The growing trust between our two countries has strengthened cooperation in defence, security and the maritime domain. Today, India and Indonesia reached an agreement to enhance defence exchanges, disaster management and industrial cooperation."

Both countries also expressed their commitment to a 'free, open and rules-based Indo-Pacific'. In this context, both sides agreed to jointly develop Sabang Port which is strategically located -- the Port is close to the Strait of Malacca and 100 miles from India's Great Nicobar port project.

Modi and Subianto also discussed important global issues, especially the current situation in West Asia. The latter on his part reiterated Indonesia's full support for India's ongoing Presidency of BRICS in 2026.

While several agreements were signed in the economic and security sphere, India said that it would help Indonesia with the conservation of the Prambanan Temple in Yogyakarta. PM

Modi said that the temple “stands as a symbol of the shared cultural heritage of India and Indonesia,”.

Strengthening of education and people-to-people linkages

Modi also announced that the Indian Institute of Management (IIM) -Bangalore would be setting up a campus in Indonesia. The campus will be set up in Singhasari Special Economic Zone (SEZ), in Malang, East Java – an education and tech-focused hub. He said that the campus will benefit students and professionals across the ASEAN region. IIM Ahmedabad has an overseas campus in Dubai. Apart from this, another important announcement which will impact tourism, trade and business linkages between both countries is the linking of India’s Unified Payments Interface (UPI) with Indonesia's payment system.

In a changing world order, there is immense scope for India and Indonesia – two important countries of the Global South – to strengthen economic and strategic linkages and work more closely on multilateral platforms for raising important economic issues pertaining to the developing world. A more robust relationship between both countries will give a strong push to India’s Act East Policy and the Free and Open Indo-Pacific vision of both countries. Both countries should also seek to strengthen ties in higher education, tourism and overall people to people linkages. The ‘Soft Power’ dimension is important in the context of India-Indonesia ties.

(Disclaimer: The views expressed above are the author's own and do not reflect those of DNA)

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