

India-Indonesia Ties 2025: Shaping their Shared Future(s)

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Summary

Jakarta and New Delhi have rediscovered themselves as strategic partners in a region in flux. Plans and opportunities exist but the rhetoric needs clean plans and execution to see meaningful gains.

In early 2025, India and Indonesia entered a renewed phase of engagement. This era is now marked by optimism, hope, growing convergence and the undercurrent of deeper strategic intent. Indonesian President Prabowo Subianto's inaugural state visit to India, culminating in his role as the chief guest at India's 76th Republic Day, served both as a diplomatic theatre and substantive forward motion in their Comprehensive Strategic Partnership, which was formalised in 2018. What are the prospects for deeper cooperation between New Delhi and Jakarta?

During Prabowo's recent visit, five memoranda of understanding (MoU) were inked, spanning health cooperation, maritime security, traditional medicine, digital economy and cybersecurity, and cultural exchange (2025-2028). Simultaneously, trade and investment were identified as a critical area, signalling renewed commercial interest. India and Indonesia could double their bilateral trade to US\$80 billion (S\$107.83 billion) with an aspirational goal of reaching US\$100 billion (S\$134.1 billion) by 2030. However, trade remains concentrated in a few commodities and investment flows are below potential. With the ASEAN-India Trade in Goods Agreement under review and both economies seeking supply chain diversification, there is a window to expand high-value trade, deepen investment and enhance connectivity. Investment flows can be revived through mechanisms like a Bilateral Investment Fund and a fast-track investment approval mechanism for strategic projects.

That said, both countries have to remove existing trade barriers, especially tariffs, which prevent them from connecting as manufacturing nodes in a regional supply chain being restructured by concerns around Chinese overcapacity. Rules of origin provisions could be simplified to encourage cross-border manufacturing. Services could drive the economic partnership with both countries having thriving digital economies, comprising emerging unicorns across the information technology and financial technology sectors. However, this prospect also requires developing direct digital links through undersea cables and data centres. More can also be done to encourage startup ecosystem collaboration via India's 'Startup India' and Indonesia's digital hubs. India's absence from regional trade frameworks in Southeast Asia like the Regional Comprehensive Economic Partnership and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership further dent trade integration with specific countries like Indonesia.

Maritime and defence cooperation will feature prominently as an area for bilateral engagement. The recently held Exercise Komodo 2025 – India’s participation alongside 37 other nations – testified to the growing security engagement between the two navies. Both countries also participated in Exercise Pitch Black 2024 – Australia’s air combat exercise. Discussions are being held to export India’s supersonic cruise missile to Indonesia though the purchase has not been finalised. Both countries can work to limit China’s growing influence in the Indian Ocean region and South China Sea by collaborating through prevailing frameworks like the Indo-Pacific Oceans Initiative and the Indian Ocean Rim Association. So far, undersea collaboration remains largely untapped with considerable potential to work on issues like maritime domain awareness, subsea cables and maritime cybersecurity, given India’s experiences and leadership. Indonesia is diversifying its military equipment from Russia with a desire to work with other partners on defence industrial matters. This opening provides space for India to be an alternate defence supplier given their mutual links to Russian defence technology and supply chains. The potential for deepening defence collaboration remains across government and by working through the defence industries.

Cybersecurity cooperation is an area filled with opportunities. Both countries face similar and shared risks from cyber-attacks, disinformation and cybercrime. Considerable potential exists to train more cybersecurity professionals and address the glaring skills gap in both countries. Intelligence sharing on cyber incidents could help monitor their digital threat landscape. Both countries have agreed to establish regular cyber dialogues, signed key MoU and included cyber coordination in their broader strategic and security frameworks. New Delhi and Jakarta could increase energy cooperation. Both countries are heavily dependent on fossil fuels, especially coal, for their power. Plans exist to diversify away toward renewables and other alternatives like carbon capture and storage, green hydrogen, and climate finance. India can share expertise and experiences in these areas, while Indonesian officials can assist in areas like critical minerals refining and processing

Yet, beneath the bilateral fanfare exists a cautious pause. Despite rhetoric, the existing pace of tangible outcomes remains underwhelming. Trade, hovering at US\$36 billion (S\$48.3 billion) (2023-24), falls short of the US\$50 billion (S\$67.1 billion) target set for 2025. Despite diplomatic strides and optics, the progress toward strategic depth has been sluggish – there is more veneer than intensity. This friction and gaps between reality and substance are reflective of broader geopolitical trends. As significant Asian powers balancing multiple demands and pressures, both nations appear to be managing expectations while strategically calibrating partnerships in a dynamic Indo-Pacific context.

India-Indonesia relations in mid- 2025 are focused and forward-looking, yet still in a nascent phase. The Prabowo visit provided a reset, but the true test lies in swift, coordinated implementation to move ties across these strategic issues. The imperative now is clear: convert pomp and ceremonial goodwill into measurable collaboration across trade, security, and societal integration.

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