



What the Modi-Prabowo Summit Reveals About Indo-Pacific Realignment

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By Nimisha Kesarwani

SYNOPSIS

Modi's recent visit to Jakarta deepened defence, critical minerals and maritime cooperation between India and Indonesia. This included a BrahMos missile deal, joint development of Sabang Port, and Indian investment in Indonesia's nickel and steel industries. It reflects a wider Indo-Pacific trend of middle powers hedging against both an unpredictable Washington and an economically dominant China, though the relationship has real limits.

COMMENTARY

Indian Prime Minister Narendra Modi's [visit to Jakarta](#) on 6-8 July 2026 – his fourth to Indonesia and his first bilateral trip there since the two countries elevated ties to a Comprehensive Strategic Partnership in 2018 – was a landmark trip. Indonesia conferred upon Modi its [highest civilian honour](#), the Bintang Adipurna. Indonesian President Prabowo Subianto provided a [fighter-jet escort](#) and personally received him at Halim Perdanakusuma airbase. The two leaders exchanged warm public praise, with Modi thanking the Indonesian people for their affection.

Twenty [memoranda of understanding](#) were signed, spanning defence, critical minerals, maritime infrastructure, education and culture. Read narrowly, this is a bilateral success story. Read against the wider Indo-Pacific canvas, it is a case study in how middle powers are quietly rewriting the region's rules of engagement, and in how far that rewriting can realistically go.

The Deliverables: Defence, Maritime Security, Minerals and Trade

The headline outcome was a defence agreement allowing Indonesia to acquire India's [BrahMos supersonic cruise missiles and Astra air-to-air missiles](#), building on an earlier contract for one BrahMos battery and phased procurement thereafter.

Alongside this deal, the two sides also agreed to jointly develop [Sabang Port](#) at the northern tip of Sumatra, overlooking the Straits of Malacca and Singapore and just about 160 km from India's Great Nicobar trans-shipment project. The deep-water facility can accommodate all vessel classes, including submarines, effectively bookending the Malacca chokepoint with Indian-linked infrastructure.

The economic centrepiece, however, was critical minerals. India committed to invest in Indonesia in [nickel, steel and rare-earth magnet manufacturing](#), with the Steel Authority of India and Indonesia's Krakatau Steel agreeing to a joint venture. Indonesia holds the world's largest nickel reserves, at roughly 62 million metric tons. Total [bilateral trade](#) volumes reached USD 24.78 billion during the 2025-26 fiscal year, and Jakarta has pushed to accelerate a Preferential Trade Agreement, cooperation on India-designed election technology, an [IIM campus](#), and restoration of the [Prambanan temple](#) in Java.

For India, the visit offered a supply-chain diversification from China at a moment of anxiety over Beijing's rare-earth leverage, a new defence-export market, and a maritime foothold near the Straits of Malacca and Singapore, consistent with its [Act East policy and MAHASAGAR vision](#), India's global maritime doctrine.

For Indonesia, it brought advanced defence capabilities, an alternative source of capital for its nickel downstreaming programme, and reinforced its self-image as a pivotal, non-aligned actor able to draw benefits from multiple great powers simultaneously.

Indo-Pacific Dynamics: Middle Powers Taking the Wheel

The Jakarta summit fits a broader pattern that has become a defining feature of Indo-Pacific geopolitics in 2026, as Washington's regional commitment has appeared more transactional and less predictable under the second Trump administration, reflected in tariff disputes, coercive trade diplomacy, and a dispute over India's Russian oil purchases that briefly pushed US tariffs on Indian goods to [50 per cent](#).

Middle powers have been deepening webs of bilateral and minilateral cooperation, in some cases alongside and in others outside US-led architectures such as the Quad or AUKUS. Japan has signed [visiting-forces and acquisition pacts](#) with the Philippines and India, respectively; South Korea has expanded defence-technology ties with [European and ASEAN partners](#); and [Indonesia and Australia](#) have upgraded their defence and economic partnership.

The European Union has pursued a parallel track, concluding a Comprehensive Economic Partnership Agreement with Indonesia in 2025 and a Free Trade Agreement with India in January 2026. Some European officials have explicitly

framed these agreements as a means of building a “[hedging alliance](#)” among Indo-Pacific middle powers.

India-Indonesia defence and mineral cooperation slots neatly into this trend, insulating themselves against both American unpredictability and Chinese economic dominance by diversifying towards each other. Notably, Modi used the Jakarta visit to reiterate India’s support for [ASEAN Centrality](#), signalling that this deepening of bilateral relations is intended to reinforce, not bypass, the existing regional architecture.

This is best understood not as an anti-Western realignment but as a hedging strategy on both sides. India continues to prize “[strategic autonomy](#)” over bloc alignment and has been repairing ties with both Washington and Beijing even as it deepens ties with Jakarta. Indonesia, for its part, signed its own Agreement on Reciprocal Trade with the US in February 2026 and has likewise assiduously courted Chinese investment and an [upgraded ASEAN-China free trade arrangement](#). Neither country is choosing India-Indonesia ties over the US or China; both are adding another hedge to an increasingly crowded portfolio.

Challenges Facing the Relationship and the Region

That crowded portfolio is itself a source of friction. India is a relatively latecomer to [Indonesia's nickel value chain](#), where Chinese firms already dominate processing and where [Indonesia's exports to China](#) remain concentrated in low-value ferro-nickel and ore rather than in higher-value goods.

This is a pattern India risks replicating rather than displacing unless its investments move up the value chain. Trade complementarity is also imperfect. Indonesia’s ambitions in steel and nickel processing could clash with India’s protective tariffs on steel imports. This issue has already led to [anti-dumping disputes](#) between Indonesia and China and could resurface bilaterally if a Preferential Trade Agreement extends to processed metals.

More broadly, the proliferation of overlapping bilateral and minilateral deals, spanning Indonesia-US, Indonesia-EU, Indonesia-China, and now Indonesia-India, risks fragmenting rather than reinforcing the regional economic architecture. Analysts at the East Asia Forum argue that each new bilateral arrangement narrows Jakarta’s policy flexibility and could undermine [ASEAN-centred frameworks like RCEP](#), which remain the more durable vehicle for regional integration precisely because they are not hostage to any single great power’s domestic politics.

There is also a risk to ASEAN cohesion. As individual member states cut increasingly bespoke deals with India, Japan, Australia, the EU, the US and China, the bloc’s ability to negotiate collectively, often described as its “centrality,” could diminish rather than strengthen, particularly if members find themselves on opposite sides of US-China or India-China friction points.

Finally, both India and Indonesia face domestic constraints that could slow implementation. [India's sensitivities in the farm sector](#) complicate any trade

liberalisation. At the same time, Indonesia's parliament has already pushed back on ratifying trade commitments made under external pressure, as seen in the [ongoing debate over its US trade deal](#).

Conclusion

None of this negates the substance of what was agreed in Jakarta, but it does mean the relationship should be judged in realistic terms. India and Indonesia are genuinely taking greater control of their region, but neither is immune to China's economic weight or an unpredictable Washington.

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