

India's Healthcare Diplomacy in Indonesia

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Abstract

The health industry is that sector that can determine the maximum number of lives and affect a major chunk of the population. India is well known for its high-quality medicines and affordable prices. It also offers high-quality medical services at the lowest cost in the world. India's pharmaceutical industry is among the biggest in the world with pharmaceutical exports worth US\$17.27 billion in the year 2018 and is expected to increase by 30% to be worth \$20 billion in the coming years (data by India Brand Equity Foundation).

Keeping this in mind and India's inclination toward its eastern neighbors the attempt made by the Indian government for the advancement of the medical sector of Indonesia.

To advance mutual relations between India and Indonesia, a forum was set up in 2022 in Jakarta. It was the first India-Indonesia pharmaceutical and Health Industry Forum that attempted to build a relationship between the Indian and Indonesian pharmaceutical industries. Indonesia seeks to build a wider network and more business opportunities through this forum.

This paper will attempt to look into the investment and business policy of the Indian government towards Indonesia. And also, how through this forum India would implement its Act East Policy. Through this not only the investment in the pharmaceutical industry would increase in Indonesia but it would also benefit the Indian industry as it would provide a new market to the companies. The paper will also look into the sector of medical tourism which has become a prominent sector of revenue in India. According to the *healthcareworld* data the compound annual growth rate (CAGR) in the sector is expected to be approx. 34.92% from 2023 to 2027 with the revenue to reach Rs 2,670.37 bn by 2027.

Keywords: Act East Policy, Pharmaceutical forum, Investment, Medical Tourism, Health Sector

Introduction

India and Indonesia have a long history and have maintained their relationship in trade and culture through many years. India is the largest country in South Asia and Indonesia is the largest country in South-East Asia. Both the countries share a common history and past. Along with that, the geographical proximity between the countries paves the way for a sustainable bilateral relationship. Both countries have numerous commonalities and this includes affinity in culture and past.

As an Asian neighbour of India, Indonesia shares certain cultural similarities with the former. As already stated, the cultural relation between the two nations goes to the remote past. Indonesia's traditional puppetry and drama tradition called Wayang has been influenced by the narratives of the Ramayana and the Mahabharata. — Trivedi 2010: 56 n. 4

India's Mythological Epics have greatly influenced the folk tales and narratives of Indonesia. The national symbol of Indonesia is the Garuda bird which has a special reference in Ramayana. The national symbol

of Indonesia is a banyan tree and a bullhead and this also has a special connection with India. And these similarities show how India has influenced the neighbouring country through mythology and culture.

The national motto of Indonesia is “Bhinneka Tunggal Ika” which means “unity in diversity, although different still one” (Portal Nasional Republik Indonesia. Web. 10 November 2013)

A similar spirit of ‘unity in diversity’ is the basis of the Indian Constitution. Both countries are examples of successful democratic countries with ethnic and religious diversity.

With many ups-downs in the relations between both countries, they reinvigorated their bilateral ties. During the disintegration of the Soviet Union, a new international world order emerged. In this new order, India with a vast capacity strived hard to gain a position. Since then, India started engaging actively in its ‘extended neighbourhood’ like the areas of East Asia, Central Asia, the Persian Gulf, and South Asia. This was the time when the economy was liberalized and then PM Narasimha Rao launched the Look East Policy with the vision of establishing strong trade relations with the East Asian countries. Indonesia is the largest country in the area and thus is the biggest focus of India. Since the 1990s, trade relations between both countries have grown like never before and it intensified after India’s active relationship with the ASEAN region. In the new international world order, India also has an aspiration to become a global power.

“India wants a direct political and security role in South-East Asia as part of its evolution as a regional power in the recent past as never before. In this context, the help of Indonesia is indispensable. The two nations can transform their relations into a win-win situation.” – David Brewster, 2013.

There has been a growing realization on the part of these two countries that they have common stakes in a peaceful, stable, and cooperative Asia, a vision once shared by the founding fathers of these two countries — Nehru and Sukarno — and enshrined under the Bandung Spirit. - Vibhanshu Sekhar, 2017:77.

This relationship between India and Indonesia multiplied with the beginning of the strategic partnership between them in 2005. Both countries agreed on the south-south cooperation for mutual benefit and progress. Later on, with the coming of a new government in India the Look East Policy was changed to the Act East Policy to enhance the strategic approach of India. This new policy provided a more proactive and action-oriented approach in the region, under this policy focus was given to more enhanced economic engagement, connectivity, and infrastructural advancement in the region, security and defense cooperation, and a better cultural and people-to-people exchange among the countries.

The strategic location of Indonesia holds a special place in India’s vision through the policy. Both countries have witnessed a rise in economic cooperation and trade among them. Efforts have been made to enhance economic ties which include the negotiation of a Comprehensive Economic Cooperation Agreement (CECA) and collaboration of many sectors.

India and its Healthcare Diplomacy

Healthcare diplomacy is a form of diplomatic engagement that focuses on addressing health-related challenges, promoting cooperation in healthcare delivery, and advancing public health goals through international collaboration. – www.emro.who.int .

Healthcare diplomacy involves the use of diplomatic channels, negotiations, and partnerships to address health issues that transcend national borders and require coordinated global efforts. Its major aspect is promoting global health initiatives such as disease prevention and spreading awareness about major communicable diseases. It also seeks to address health challenges that transcend national borders and become environmental risks. Healthcare diplomacy fosters international cooperation through bilateral and

multilateral partnerships, agreements, and exchanges. Countries collaborate on healthcare research, technology transfer, capacity building, and healthcare system strengthening to improve health outcomes and address common health challenges. It also creates a platform of trust and solidarity.

When it comes to India, healthcare diplomacy has been used for a long time as a strategic tool to strengthen diplomatic relations, promote global health initiatives, and advance its national interests. India has emerged as a key player in global health governance, advocating for issues such as access to affordable medicines, universal health coverage, and disease prevention. As a founding member of initiatives like the Non-Aligned Movement (NAM) and the Global South-South Cooperation, India has championed the cause of developing countries in international health forums, including the World Health Organization (WHO) and the United Nations. India's medical diplomacy involves providing healthcare assistance, humanitarian aid, and capacity-building support to countries in need. This includes sending medical teams, providing training for healthcare professionals, and offering medical supplies and equipment during emergencies and natural disasters. India's medical diplomacy has been evident in its response to crises such as the Ebola outbreak in West Africa and the COVID-19 pandemic, where it provided vaccines, medicines, and technical expertise to affected countries. India's thriving medical tourism also serves as a form of healthcare diplomacy attracting patients from all over the globe seeking high-quality and cost-effective medical treatment. Indian hospitals and healthcare facilities offer advanced medical procedures, state-of-the-art technology, and specialized care in areas such as cardiac surgery, organ transplantation, and cancer treatment, positioning India as a leading destination for medical tourists. India's pharmaceutical industry plays a significant role in healthcare diplomacy by providing affordable generic medicines to developing countries and contributing to global efforts to combat diseases such as HIV/AIDS, tuberculosis, and malaria. India's role as the "pharmacy of the world" has earned it recognition and appreciation from the international community, strengthening its diplomatic ties and soft power.

Understanding Indonesia's healthcare landscape

Indonesia, with a vast archipelago and population, faces numerous challenges in the healthcare sector. The country's healthcare system has made significant advancements in recent years, but it continues to grapple with issues such as access to quality healthcare, infrastructure development, and the management of infectious diseases. Indonesian healthcare infrastructure varies immensely across the whole country with a clear division in the urban and rural areas. Efforts are being made by the government to bridge the gap and the first step towards this initiative is the National Health Insurance Program (JKN), which aims to provide universal healthcare coverage to all Indonesians by 2025.

Indonesia aims to be an industrialized nation by 2045 and the biggest hurdle in this journey is its less standardized health sector. To overcome this issue a new health reform law has been passed that created a once-in-a-generation opportunity for Indonesia's health system to break through the middle-income trap and improve health quality and coverage for the whole population. This initiative will provide opportunities for research and development in the field of health, it would also provide innovative health services that would serve the 270 million population of the county. This new healthcare reform in Indonesia emphasizes the development and expansion of healthcare infrastructure, universal healthcare insurance, adoption of new technologies and innovation to improve healthcare delivery and patient outcomes, and encourages the public-private partnership to accelerate the infrastructural development and the capacity building and skill development of the healthcare workers. In all these fields India can play a significant role and transform the country's healthcare industry completely.

With the new health reform at play, many Indian companies specializing in healthcare infrastructure development, construction, and medical equipment manufacturing can seize opportunities to invest in Indonesia's burgeoning healthcare infrastructure sector. This initiative creates a vast market for healthcare service providers, insurance companies, and medical equipment suppliers. Indian companies with expertise in healthcare services, insurance, and medical technology got to explore investment opportunities to cater to the growing demand for healthcare services in Indonesia. It also opened a platform for technology and innovation thus creating a place for more healthcare technology, telemedicine, digital health solutions, and medical devices where companies can invest in Indonesia's growing healthcare IT sector. Many different collaborations between Indian and Indonesian companies can lead to the development and deployment of innovative healthcare solutions tailored to the Indian markets. It also provided for the platform of PPP, and Indian markets having expertise in PPP projects, healthcare management, and hospital operations have got the opportunities to contribute to the expansion of healthcare services and the improvement of healthcare outcomes in Indonesia. It also vouched for better capacity-building and skill development and India being one the biggest platforms for healthcare education, training, and skill development would be investing in the initiatives to train healthcare professionals, enhance clinical skills, and improve healthcare quality standards in Indonesia. By investing in capacity-building programs, Indian companies could contribute to the development of a skilled healthcare workforce in Indonesia, thereby supporting the implementation of healthcare reforms and improving healthcare service delivery in the country.

India's Healthcare Diplomacy in Indonesia

India's healthcare diplomacy in Indonesia spans various domains, including capacity building, medical tourism, pharmaceuticals, and public health interventions. Notably, India has actively engaged in training Indonesian healthcare professionals through exchange programs and skill development initiatives. These efforts aim to enhance Indonesia's healthcare infrastructure and address skill gaps within its healthcare workforce.

Furthermore, India's pharmaceutical industry plays a crucial role in supplying affordable generic drugs to Indonesia, contributing to the country's efforts to improve access to essential medicines. Joint research projects and collaborations between Indian and Indonesian medical institutions further facilitate knowledge exchange and technological advancements in healthcare delivery. The India-Indonesia Pharmaceutical and Health Industry Forum launched in 2022 represents a significant milestone in the collaborative efforts between two dynamic nations in the healthcare sector. This platform catalyses fostering partnerships, sharing expertise, and leveraging collective strengths to address common healthcare challenges and enhance healthcare delivery in both countries. The primary objectives of the India-Indonesia Pharmaceutical and Health Industry Forum are, firstly facilitating dialogue and knowledge exchange between stakeholders in the pharmaceutical and healthcare sectors of India and Indonesia. Secondly, identifying opportunities for collaboration in research and development, manufacturing, and distribution of pharmaceuticals and medical devices. Thirdly, promoting investment and trade in healthcare products and services between the two countries. Fourthly, enhancing regulatory cooperation and harmonization to facilitate market access and ensure the quality and safety of healthcare products, and lastly, supporting capacity-building initiatives and technology transfer to strengthen the healthcare infrastructure and workforce in both countries.

The India-Indonesia Pharmaceutical and Health Industry Forum facilitates various initiatives and collaborations to achieve its objectives. These include:

- 1. Joint Research and Development Projects:** Collaboration in research and development efforts to address priority health challenges, such as infectious diseases, non-communicable diseases, and tropical diseases prevalent in both countries.
- 2. Technology Transfer and Capacity Building:** Transfer of technology and knowledge sharing to enhance manufacturing capabilities, improve production processes, and build technical expertise in pharmaceuticals and medical devices.
- 3. Regulatory Cooperation:** Harmonization of regulatory standards, procedures, and requirements to streamline the approval process for pharmaceuticals and medical devices, facilitating market access and ensuring compliance with quality and safety standards.
- 4. Business Matchmaking and Trade Promotion:** Facilitation of business partnerships, investment opportunities, and trade promotion activities to stimulate growth and innovation in the pharmaceutical and healthcare industries.
- 5. Public-Private Partnerships:** Encouraging collaboration between government agencies, industry associations, academia, and private sector companies to develop innovative solutions, implement best practices, and address healthcare challenges collaboratively.

Impact and Future Outlook: The India-Indonesia Pharmaceutical and Health Industry Forum has the potential to have a transformative impact on healthcare delivery, innovation, and trade relations between India and Indonesia. By fostering collaboration, facilitating partnerships, and promoting investment, this forum can contribute to:

- Advancing healthcare innovation and research.
- Improving access to affordable and quality healthcare products and services.
- Strengthening the healthcare infrastructure and workforce.
- Promoting economic growth and development in both countries. As the forum evolves, it will continue to play a pivotal role in driving progress and shaping the future of the pharmaceutical and healthcare industries in India and Indonesia.

India's emergence as a leading destination for medical tourism has also benefited its healthcare diplomacy with Indonesia. Indonesian patients seeking specialized medical treatment often choose Indian hospitals for their expertise, affordability, and quality of care. This trend not only strengthens people-to-people ties but also underscores India's healthcare capabilities on the global stage.

Medical Tourism

Medical tourism is an integral aspect of India's healthcare diplomacy with Indonesia, offering significant benefits to both countries and strengthening bilateral relations.

Indian hospitals are renowned for their expertise in various medical specialties, including cardiology, orthopedics, oncology, neurosurgery, and organ transplantation. Indonesian patients often choose India as their preferred destination for specialized medical treatment not readily available or accessible in their home country. Indian healthcare facilities offer state-of-the-art infrastructure, advanced medical technologies, and internationally trained medical professionals, ensuring high-quality care and favorable outcomes for patients from Indonesia.

Medical treatment in India is significantly more affordable compared to many Western countries, making it an attractive option for Indonesian patients seeking cost-effective healthcare solutions. The affordability

factor is particularly appealing for treatments requiring prolonged hospital stays, complex surgeries, or expensive medical procedures. Lower treatment costs, combined with high standards of care, allow Indonesian patients to access world-class medical services in India without compromising on quality.

India's geographic proximity to Indonesia, coupled with well-established air connectivity and visa facilitation measures, makes it easily accessible for Indonesian patients seeking medical treatment. Direct flights and travel packages tailored for medical tourists streamline the process of travel and healthcare arrangements. Indian hospitals often provide comprehensive support services for international patients, including assistance with travel logistics, accommodation arrangements, interpretation services, and coordination of medical appointments, ensuring a seamless and hassle-free experience for Indonesian patients and their families.

Indonesia and India share cultural similarities and historical ties, fostering a sense of familiarity and comfort for Indonesian patients seeking medical care in India. Similarities in language, cuisine, and cultural practices contribute to a conducive environment for cross-border healthcare interactions and patient experiences.

Indian healthcare providers often employ multilingual staff and cultural sensitivity training to cater to the needs of international patients, including those from Indonesia, fostering trust, rapport, and positive patient-provider relationships.

Indian healthcare institutions actively promote medical tourism to Indonesian patients through targeted marketing campaigns, collaborations with Indonesian travel agencies, participation in medical tourism expos, and digital platforms. Promotional efforts highlight the strengths of Indian healthcare services, testimonials from satisfied patients, success stories of medical treatments, and competitive pricing, effectively positioning India as a premier destination for medical tourism among Indonesian consumers.

Overall, medical tourism serves as a cornerstone of India's healthcare diplomacy with Indonesia, facilitating cross-border healthcare exchanges, enhancing bilateral ties, and contributing to the socio-economic development of both countries. By leveraging India's strengths in healthcare delivery and Indonesia's growing demand for specialized medical services, medical tourism emerges as a win-win proposition, benefiting patients, healthcare providers, and the broader Indo-Indonesian partnership.

COVID-19 Response

India's pandemic response has been a significant aspect of its healthcare diplomacy with Indonesia, demonstrating solidarity, cooperation, and support during times of crisis.

India has provided critical medical supplies and equipment to support Indonesia's response to the COVID-19 pandemic. This includes essential items such as personal protective equipment (PPE), ventilators, oxygen concentrators, and diagnostic kits, which are vital for the diagnosis, treatment, and prevention of COVID-19. Timely provision of medical supplies by India has helped augment Indonesia's healthcare infrastructure, strengthen its pandemic response capabilities, and alleviate pressure on frontline healthcare workers battling the pandemic.

India's role as a leading producer of COVID-19 vaccines has been pivotal in supporting Indonesia's vaccination efforts. Through its vaccine diplomacy initiatives, India has supplied millions of doses of COVID-19 vaccines, including Covaxin and Covishield, to Indonesia under bilateral agreements and through multilateral platforms such as COVAX. The provision of vaccines by India has accelerated Indonesia's vaccination campaign, bolstered public confidence in vaccination, and contributed to the collective goal of achieving herd immunity against COVID-19. India has offered technical assistance and capacity-building support to Indonesia in various aspects of pandemic management, including

epidemiological surveillance, testing, contact tracing, and healthcare system strengthening. Indian experts have participated in knowledge-sharing sessions, webinars, and virtual workshops to exchange best practices, lessons learned, and innovative strategies for combating COVID-19. Such collaborations have enhanced Indonesia's pandemic preparedness and response capabilities.

India has extended humanitarian aid and relief efforts to assist Indonesia in mitigating the socio-economic impact of the pandemic. This includes financial assistance, food aid, and humanitarian aid packages aimed at supporting vulnerable populations affected by COVID-19-related lockdowns, economic disruptions, and social hardships. Indian NGOs, charitable organizations, and community groups have also been actively involved in providing humanitarian assistance and relief services to communities in need across Indonesia, demonstrating solidarity and compassion in times of crisis.

India and Indonesia have engaged in diplomatic dialogue and multilateral cooperation to address the global health challenges posed by the COVID-19 pandemic. This includes participation in regional forums, such as ASEAN and the Indian Ocean Rim Association (IORA), to coordinate pandemic response efforts, share information, and explore collaborative solutions. Bilateral discussions between India and Indonesia on pandemic-related issues, vaccine distribution, and post-pandemic recovery have strengthened diplomatic ties and fostered greater cooperation in health security and pandemic resilience. India's pandemic response efforts in support of Indonesia underscore the depth of bilateral cooperation, solidarity, and friendship between the two countries. By standing together in the face of a common threat, India and Indonesia have reaffirmed their commitment to advancing shared interests, promoting regional health security, and building a more resilient and prosperous future for all.

The broader implications of India's healthcare diplomacy with Indonesia extend beyond the bilateral relationship, encompassing regional health security, diplomatic ties, and socio-economic development in the Indo-Pacific region. India's collaboration with Indonesia in healthcare diplomacy contributes to regional health security by strengthening pandemic preparedness, disease surveillance, and response mechanisms in the Indo-Pacific region. Joint efforts to combat infectious diseases, such as COVID-19, enhance the resilience of regional health systems, mitigate cross-border health threats, and promote cooperation among neighboring countries to address common health challenges collectively.

Healthcare diplomacy serves as a key pillar of India's broader diplomatic engagement with Indonesia, fostering trust, goodwill, and mutual understanding between the two nations. Collaborative initiatives in healthcare create opportunities for high-level dialogue, diplomatic exchanges, and people-to-people interactions, strengthening diplomatic ties and building a solid foundation for broader cooperation in trade, security, and cultural spheres.

India's healthcare diplomacy enhances its soft power projection in the Indo-Pacific region, showcasing its medical expertise, technological innovation, and humanitarian values. By providing critical medical assistance, sharing best practices, and offering capacity-building support, India earns goodwill, respect, and recognition as a reliable partner committed to promoting global health equity and solidarity. Collaborations in healthcare open up new economic opportunities for both India and Indonesia, including trade in pharmaceuticals, medical devices, and healthcare services. India's role as a preferred destination for medical tourism benefits its healthcare industry, tourism sector, and local economies, while Indonesia benefits from improved access to affordable healthcare solutions and enhanced healthcare infrastructure. Capacity-building initiatives in healthcare contribute to human capital development in Indonesia, empowering its healthcare workforce with the skills, knowledge, and resources needed to address emerging health challenges effectively. Training programs, exchange opportunities, and research

collaborations foster the professional growth and expertise of Indonesian healthcare professionals, enriching the talent pool and promoting innovation in the healthcare sector.

Strengthened healthcare cooperation between India and Indonesia promotes regional stability, resilience, and prosperity by addressing socio-economic disparities, improving health outcomes, and building a healthier, more resilient population. By investing in healthcare infrastructure, disease prevention, and health promotion, India and Indonesia contribute to sustainable development goals, poverty alleviation, and social progress in the Indo-Pacific region.

In essence, India's healthcare diplomacy with Indonesia carries broader implications for regional cooperation, diplomatic engagement, and socio-economic development, underscoring the importance of collaborative approaches to address shared health challenges and build a more resilient and prosperous future for all stakeholders in the Indo-Pacific region.

Conclusion

India's healthcare diplomacy stands as a testament to its commitment to advancing global health agendas, fostering international cooperation, and strengthening diplomatic ties with countries around the world. Through strategic initiatives, partnerships, and medical expertise, India has emerged as a key player in addressing global health challenges and promoting equitable access to healthcare services. From providing humanitarian aid during emergencies to collaborating on healthcare programs and initiatives, India has demonstrated its willingness to extend a helping hand to countries in need. Its medical diplomacy efforts, including the dispatch of medical teams and the provision of essential supplies, have played a crucial role in responding to crises and mitigating the impact of disasters and pandemics. Furthermore, India's pharmaceutical industry has contributed significantly to healthcare diplomacy by supplying affordable generic medicines to developing countries and supporting global efforts to combat infectious diseases. The country's role as a leading destination for medical tourism has also enhanced its diplomatic outreach, attracting patients from around the world and showcasing the quality and accessibility of Indian healthcare services.

Looking ahead, India's healthcare diplomacy is poised to continue making a positive impact on global health outcomes, promoting health equity, and fostering international solidarity. By leveraging its strengths in healthcare delivery, pharmaceutical manufacturing, and medical innovation, India remains committed to contributing to the well-being and prosperity of people worldwide.

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