

Sino-India Rivalry in South Asia

The Politics of Strategic Hedging by the “Non-Nuclear Five”

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Abstract

The “non-nuclear five” (NN5) countries consisting of Bangladesh, Bhutan, the Maldives, Nepal, and Sri Lanka have common geographical and/or regional borders with India and have historically been in their big neighbor’s historic and cultural sphere of influence. Yet, over the years, as China has made significant inroads into the South Asian region, NN5 are getting entangled in the India-China rivalry. In this paper, we posit how the NN5 exhibit a common pattern of strategic hedging given their bilateral relations with regional hegemon India, along with the rising influence of China. By analyzing comparative trends in the South Asian region, we contribute empirically to the research on “hedging” in international relations, since to date no study has examined all these five countries using this concept. The study is relevant because the US administration is increasingly focusing on “small countries” in its Indo-Pacific strategy, and the NN5 are such countries.

Observers point out that initially China did not take the Quadrilateral Security Dialogue (Quad) seriously. They quote Chinese Foreign Minister Wang Yi’s nonchalant attitude toward the security pact in March 2018: “the sea foam in the Pacific or Indian Ocean: they get some attention but will soon dissipate.”¹ Yet, just a few years later, in 2021, China’s perspective completely changed when the Quad held its first leader-level summit.² At this point, President Xi Jinping warned that China faces a “struggle over the future of the international order” with a United States determined to prevent China’s rise.³

¹ “Foreign Minister Wang Yi Meets the Press” (press release, Ministry of Foreign Affairs of the People’s Republic of China, 9 March 2018), <https://www.fmprc.gov.cn/>.

² Joel Wuthnow, “China’s Shifting Attitude on the Indo-Pacific Quad,” *War on the Rocks*, 7 April 2021, <https://warontherocks.com/> and Kevin Rudd, “Why the Quad Alarms China: Its Success Poses a Major Threat to Beijing’s Ambitions,” *Asia Society*, 6 August 2021, <https://asiasociety.org/>.

³ Kevin Rudd, “Why the Quad Alarms China: The success of an Australia-India-Japan-United States strategic dialogue poses a major threat to Beijing’s ambitions,” *Asia Society*, 9 December 2021, <https://asiasociety.org/>.

Observers argue that the Quad presents a challenge to China's strategy because it seeks to forge a multilateral coalition of resistance throughout the Indo-Pacific. "Quad-Plus," which could potentially include countries like Vietnam, New Zealand, and South Korea, has been proposed as a possible outcome of increased Chinese assertiveness in the region.⁴ Nonetheless, these observers' analysis maintains a classical realist perspective, primarily concentrating on the actions of "bigger nation-states," while neglecting to fully account for the relationships between China and "smaller countries."

This perspective has led to a certain indifference, among other factors, allowing the situation to persist in the South Asian region, particularly in the "non-nuclear five" (NN5) countries: Bangladesh, Bhutan, the Maldives, Nepal, and Sri Lanka. China has made noticeable inroads in these countries over the years. Anu Anwar describes these countries as the NN5 or "non-nuclear five."⁵ Their proximity to India's historic and cultural sphere of influence, as well as their common cartographical and/or regional contiguity, should naturally align them with India. However, the NN5 countries demonstrate a common pattern of strategic hedging between India and China. *Strategic hedging* refers to a situation where a state seeks strategic alignment but retains the flexibility to shift their alignment vis-à-vis each major power, avoiding tight alignment with any of them.

This article aims to provide an analysis of the bilateral relations between these NN5 countries and India, considering the concept of hedging for the first time in this context. *Hedging* is a concept from the discipline of finance in which a hedger hopes to protect himself against loss resulting from price changes by transferring the risk to a speculator who relies upon his skill in forecasting price movements.⁶ Hence, our analysis only deems issues of domestic politics, cultural/historical factors, and counterarguments to policy decisions relevant when assessing the overall gain/loss of foreign policy. However, this article does not delve into the intricacies of domestic politics and cultural considerations beyond its scope.

By examining the impact of these bilateral relationships on their interactions with China, the authors provide insights into how and why China has made progress in the region. Additionally, the authors argue that in the face of challenges and the need to make choices regarding rivalrous India and China, the NN5

⁴ Jason Li. "South Korea's Formal Membership in the Quad Plus: A Bridge too far?" *Stimson Center*, 4 October 2021, <https://www.stimson.org/> and Wuthnow, "China's Shifting Attitude on the Indo-Pacific Quad."

⁵ Anu Anwar, "China's Growing Engagement in South Asia: Challenges for the US," *Pacific Forum: Issues and Insights* 19, no. 6 (June 2019), <https://scholar.harvard.edu/>.

⁶ Wang Yuzhu. "Hedging Strategy: Concept, Behavior, and Implications for China-ASEAN Relations." *East Asian Affairs* 1, no. 2 (2021): 1-36.

countries have tended to hedge their strategic and economic bets. This realization underscores the necessity for Western countries to reassess their South Asia policy to effectively counter China's ascent.

Background: The Quad and Inroads Made by China in South Asia

The Quad is an initiative created by four democracies—the United States, India, Japan and Australia—back in 2004, was initially intended to provide humanitarian support for countries affected by the Indian Ocean tsunami.⁷ However, in recent years, it has been revitalized to counter the growing Chinese sphere of influence in the Indo-Pacific region.⁸ All four countries now have compelling reasons to come together.

The United States, for instance, has USD 1.9 trillion worth of trade passing through the Indo-Pacific region.⁹ India and Japan, on the other hand, have experienced intensified territorial disputes with China in recent years.¹⁰ Additionally, Australia has faced economic sanctions from China after suggesting a World Health Organization investigation into the origins of COVID-19.¹¹

The importance of the Indian Ocean region is evident. As maritime strategist Alfred Mahan reportedly said, “Whoever controls the Indian Ocean will dominate Asia as the destiny of the world will be decided there.”¹² China recognizes the significance of the Indian Ocean region for its growing economy. In 2016, trade between the Hormuz Strait and the Malacca Strait alone amounted to USD 18 trillion.¹³ China's expanding economy requires substantial energy supplies for its industrial production, with 47 percent of its crude oil coming from the Middle East in 2020.¹⁴

⁷ Sheila Smith, “The Quad in the Indo-Pacific: What to Know,” *Council on Foreign Relations*, 27 May 2021, <https://www.cfr.org/>.

⁸ Ed Griffith and Moises de Souza, “The Quad: US Efforts to Counter China's Influence in Asia Mark a New Era of Micro Alliances,” *The Conversation*, 1 June 2022, <https://theconversation.com/>.

⁹ Smith, “The Quad in the Indo-Pacific.”

¹⁰ Daniel Markey, “Preparing for Heightened Tensions between China and India,” *Council on Foreign Relations*, 19 April 2021, <https://www.cfr.org/>.

¹¹ Smith, “The Quad in the Indo-Pacific.”

¹² Prasanta Sen Gupta, “The Indian Ocean in World Politics: Reflections On Its Future.” *India Quarterly: A Journal of International Affairs* 43, no. 3/4 (1987), 195.

¹³ Subhomoy Bhattacharjee, “Energy Security Options for India in the Context of Great Power Rivalry Emerging in the Indian Ocean,” in *Low Carbon Pathways for Growth in India*, ed. Rajat Kathuria, Saon Ray, and Kuntala Bandyopadhyay (Singapore: Springer, 2018), 179–86.

¹⁴ “Chinese Reliance on Middle East Oil Increases: Report,” *Hindustan Times*, 31 December 2021, <https://www.hindustantimes.com/>.

The geopolitical significance of South Asia extends beyond its young and rapidly growing economies. Its proximity to the Indian Ocean region makes it a critical sea route for trade and a gateway to both the Middle East and East Asia. China has constructed ports in countries of South Asia, labeling them as “ports of friendship.”¹⁵ These ports include Gwadar Port in Pakistan and Hambantota Port in Sri Lanka, with plans to build additional ports in Myanmar and Bangladesh. Observers have raised concerns that these port developments surrounding India are aimed at exerting pressure on India, leading to claims that the intention is to choke India.¹⁶

As the Quad assumes a prominent role and China asserts its influence in the region, it is crucial to examine the responses of the “smaller” neighboring countries. The primary catalyst behind China’s extensive advancements is the presence of the regional hegemon, India, which is perceived as a “big brother” by the elites of the NN5 countries.

Previous Literature and Theory: Strategic Hedging by the NN5 Countries

What explains the selective bandwagoning behavior of the NN5 countries in aligning with China? Traditionally, these countries have been within the “sphere of influence of India.”¹⁷ While individually they are not small countries by any means—Nepal has a population of approximately 30 million, Sri Lanka 22 million, and Bangladesh 169 million—India dominates the region, encompassing around 75% of the landmass and contributing to 80% of South Asia’s gross domestic product (GDP).¹⁸ Consequently, India holds a position of superiority in its bilateral relations with these countries. The elites in the NN5 countries perceive this as India’s big-brother attitude, feeling that they receive a lesser share in their bilateral relations.

In response, these elites adopt a strategy known as *balancing* in their foreign relations with both India and China. This approach of simultaneously balancing and bandwagoning may appear contradictory, but it is not. On one hand, the NN5

¹⁵ Gurmeet Kanwal, “Pakistan’s Gwadar Port: A New Naval Base in China’s String of Pearls in the Indo-Pacific,” *Center for Strategic & International Studies*, 2 April 2018, <https://www.csis.org/>.

¹⁶ Ayush Jha, “Security Threats to India: How Chinese Developments in Gwadar and Investments in Chabahar Port Can Jeopardize India’s Security in the Region?” *Medium*, 12 April 2021, <https://medium.com/>.

¹⁷ Chilamkuri Raja Mohan, “India and South Asia: The Elusive Sphere of Influence,” *National University of Singapore–Institute of South Asian Studies (ISAS)*, 2022, <https://www.isas.nus.edu.sg/>.

¹⁸ “Population Total- Nepal, Sri Lanka, and Bangladesh,” *The World Bank*, 2021, <https://data.worldbank.org/>; and David Scott, *Handbook of India’s International Relations* (London: Routledge, 2011), 119.

countries seek to counterbalance the dominant influence of their bigger neighbor, India, by aligning with China. On the other hand, they cannot fully rely on China's highly risky debt book diplomacy.¹⁹ Therefore, aligning with China is akin to joining the bandwagon driven by the actual source of threat. Over the years, the NN5 countries have seemingly grown closer to China as a result.

Realist international relations scholars agree that hegemonic powers respond to emerging challengers through balancing. However, there is no consensus on how auxiliary states or smaller powers react to emerging powers. Some scholars, like Stephen Walt, argue that "the weaker the state, the more likely it is to bandwagon rather than balance."²⁰ In contrast, Waltz posits that balancing against strength occurs universally because "secondary states, if they are free to choose, flock to the weaker side."²¹

The literature has previously discussed the concept of concurrent balancing and bandwagoning, or the absence of either. Interestingly, this discussion has often revolved around China's rise. For instance, Ann Marie Murphy provides insights into the response of Thailand, a major non-North Atlantic Treaty Organization (NATO) ally of the United States and a strategic partner of China.²² She characterizes China's rise as a phenomenon that neither involves balancing nor bandwagoning, resulting in no significant changes in its alignment.

Similarly, in the context of China's rise in South Asia, previous works, though not explicitly stated, have hinted at a simultaneous balancing and bandwagoning behavior exhibited by weaker states. For example, Deep Pal mentions Bangladesh's ability to skillfully balance its relations with China and India.²³ This balancing act stems from various factors.²⁴ On one hand, Bangladesh is perceived by India as falling within its direct sphere of influence, while on the other hand, Beijing provides Dhaka with favorable terms for purchasing arms and extends soft loans. Furthermore, China has surpassed India in financing large-scale infrastructure projects with substantial fixed costs. Despite maintaining a seemingly amicable relationship on paper, Bangladesh's actions to balance between China and India

¹⁹ Sam Parker and Gabrielle Chefetz, "China's Debtbook Diplomacy: How China Is Turning Bad Loans into Strategic Investments," *The Diplomat*, 30 May 2018, <https://thediplomat.com/>.

²⁰ Stephen M. Walt, *The Origins of Alliances* (Ithaca: Cornell University Press, 1987), 32.

²¹ Kenneth N. Waltz, *Theory of International Politics* (Boston: Addison-Wesley Publishing Company, 1979), 127.

²² Ann Marie Murphy, "Beyond Balancing and Bandwagoning: Thailand's Response to China's Rise," *Asian Security* 6, no. 1 (2010): 1–27.

²³ Deep Pal, "China's Influence in South Asia: Vulnerabilities and Resilience in Four Countries," *Carnegie Endowment for International Peace* (Washington DC: Carnegie Endowment for International Peace, 2021), 12 <https://carnegieendowment.org/>.

²⁴ Pal, "China's Influence in South Asia."

can be seen as a rational and measured response to China's growing influence. Despite being situated within India's direct sphere of influence, Bangladesh demonstrates an astute awareness of the regional and global realities. Its strategic hedging between India and China reflects a respectful acknowledgment of China's emerging hegemonic status.

This brings us to another strand of literature that talked about a related idea—hedging. *Hedging* in international relations is a strategic alignment in which states retains the flexibility to shift their alignment vis-à-vis each major power by avoiding tight alignment with any of them and signaling ambiguity about the scope of shared security interests, while constantly attempting to reduce the source of the risk.²⁵ According to a number of studies, hedging is a hybrid strategy in which a government engages with a large or emerging power diplomatically and economically while also taking insurance measures such as fallback security measures.²⁶ Additionally, those who study alignment politics contend that states should hedge in a situation when they pursue a restricted or ambiguous alignment with one or more large powers.²⁷

Hedging, in this context, typically refers to a national security or alignment strategy employed by one state toward another. It involves a combination of cooperative and confrontational elements. The concept of hedging emerged in contrast to *balancing* or *bandwagoning*, terms developed during the Cold War to depict alternative strategies of resisting or accommodating a dominant or threatening great power. The prominence of hedging as both a practice and a conceptual framework increased in the post-Cold War era, coinciding with a significant decline in the number of formal defense pacts (fig. 1).²⁸ As the inter-national system transitioned from bipolar to unipolar and arguably multipolar, alignment behaviors underwent significant changes. Hedging is considered a component of these behaviors that cannot be fully explained by either balancing or bandwagoning.

²⁵ Darren J. Lim and Zack Cooper, "Reassessing Hedging: The Logic of Alignment in East Asia," *Security Studies* 24, no. 4 (2015): 696–727.

²⁶ Evan S. Medeiros, "Strategic Hedging and the Future of Asia Pacific Stability," *Washington Quarterly* 29, no. 1 (December 2005): 145–67; Cheng-Chwee Kuik, "The Essence of Hedging: Malaysia and Singapore's Response to a Rising China," *Contemporary Southeast Asia* 30, no. 2 (August 2008): 159–85; and Øystein Tunsjø, *Security and Profit in China's Energy Policy: Hedging against Risk* (New York: Columbia University Press, 2013).

²⁷ John D Ciorciari, *The Limits of Alignment: Southeast Asia and the Great Powers since 1975* (Washington, DC: Georgetown University Press, 2010); Lim and Cooper, "Reassessing Hedging"; and Cheng-Chwee Kuik, "How Do Weaker States Hedge? Unpacking ASEAN States' Alignment Behavior towards China," *Journal of Contemporary China* 25, no. 100 (2 March 2016): 500–14.

²⁸ John D Ciorciari and Jürgen Haacke, "Hedging in International Relations: An Introduction," *International Relations of the Asia-Pacific* 19, no. 3 (1 September 2019): 367–74.

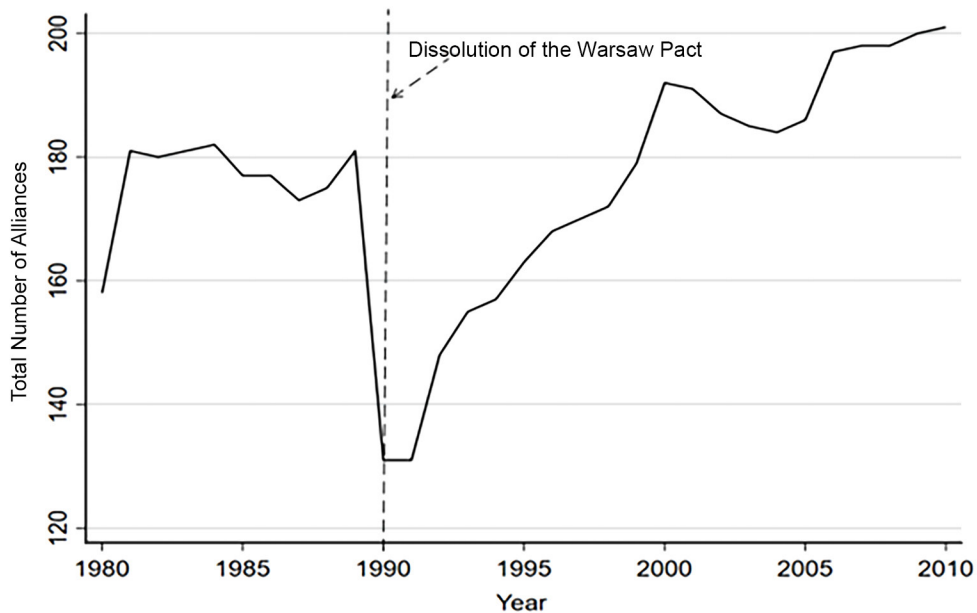


Figure 1. The collapse of the USSR and total number of alliances in the system²⁹

Citing a wide range of scholars, John D. Ciorciari and Jürgen Haacke outline several reasons for hedging in international relations.³⁰ Some scholars perceive hedging as a security tactic employed by minor states or middle powers, particularly when navigating triangular relations between China and the United States.³¹ Early studies on hedging focused extensively on the Asia-Pacific region, examining Sino-US relations and Southeast Asian interactions with China's rise. Since then, analysts have applied the concept to explain behavior in various regions, including the Persian Gulf, East and South Asia, Europe, and Eurasia.³²

²⁹ Douglas M. Gibler, *The Correlates of War Project Formal Alliance dataset. International Military Alliances, 1648-2008* (Washington DC: CQ Press, 2009).

³⁰ Ciorciari and Haacke, "Hedging in International Relations."

³¹ Evelyn Goh, "Meeting the China Challenge: The U.S. in Southeast Asian Regional Security Strategies," in *Policy Studies 16*, ed. Muthiah Alagappa (Honolulu: East-West Center, 2005); Denny Roy, "Southeast Asia and China: Balancing or Bandwagoning?," *Contemporary Southeast Asia* 27, no. 2 (August 2005): 305-22; and Brock F. Tesson, "System Structure and State Strategy: Adding Hedging to the Menu," *Security Studies* 21, no. 2 (April 2012): 192-231.

³² Asle Toje, "The EU Security Strategy Revised: Europe Hedging Its Bets," *European Foreign Affairs Review* 15, no. Issue 2 (1 May, 2010): 171-90; Tesson "System structure and state strategy"; Hoo Tiang Boon, "The Hedging Prong in India's Evolving China Strategy," *Journal of Contemporary China* 25, no. 101 (12 April, 2016): 792-804; and Kei Koga, "The Concept of 'Hedging' Revisited: The Case of Japan's Foreign

Certain scholars highlight the significance of domestic factors in shaping hedging strategies, an aspect often overlooked.³³ This perspective encompasses how states address specific strategic and economic vulnerabilities, such as the potential risks associated with energy supply disruptions.³⁴ Hedging can also be utilized to safeguard or reinforce domestic regimes and political legitimacy.³⁵

Building upon the existing scholarship on hedging, we argue that despite being within India's direct sphere of influence, sharing cartographical and/or regional contiguity, as well as a common history and culture, the NN5 countries exhibit a consistent pattern of strategic hedging between India and China. On one hand, these countries cannot overly rely on India due to perceived issues stemming from India's big-brother attitude. On the other hand, they have witnessed China's debt book diplomacy in action, which deters them from fully aligning with China. While there is no formal grouping of these five non-nuclear countries, they consistently display similar behavior, indicative of an overarching pattern of strategic hedging.

The empirical sections of this article provide case studies on each of the NN5 states, namely Bangladesh, Bhutan, the Maldives, Nepal, and Sri Lanka. These case studies illustrate how these countries, despite not belonging to any regional economic or political grouping, exhibit a consistent pattern of hedging with common elements. The subsequent section explores the challenges and limited options faced by the NN5 states in navigating the Sino-Indian rivalry within the regional politico-economic landscape, which ultimately drive their hedging behaviors.

Case Studies

In the paragraphs that follow, we undertake a pioneering effort to systematically analyze the bilateral relations between the NN5 countries and the regional hegemon, India. This analysis aims to shed light on the micro foundations of the observed hedging dynamic. Through this examination, it becomes apparent that the NN5 countries are indeed adopting a strategic hedging behavior in their engagement with India.

Policy Strategy in East Asia's Power Shift," *International Studies Review* 20, no. 4 (29 December, 2017): 633–60.

³³ Ann Marie Murphy, "Great Power Rivalries, Domestic Politics and Southeast Asian Foreign Policy: Exploring the Linkages," *Asian Security* 13, no. 3 (4 August 2017): 165–82.

³⁴ Brock Tessman and Wojtek Wolfe, "Great Powers and Strategic Hedging: The Case of Chinese Energy Security Strategy," *International Studies Review* 13, no. 2 (June 2011): 214–40; and Mohammad Salman and Gustaaf Geeraerts, "Strategic Hedging and China's Economic Policy in the Middle East," *China Report* 51, no. 2 (23 April 2015): 102–20.

³⁵ Kuik, "The essence of hedging."

Bhutan

Let us begin by examining the relations between Bhutan and India. While existing literature discusses strategic and economic vulnerabilities as drivers of hedging behavior, we contend that Bhutan's economic dependency, particularly in the hydroelectric sector, provides the basis for its hedging posture.³⁶

The Himalayan kingdom of Bhutan shares a close friendship with India, dating back to the signing of a treaty of friendship in 1949 following India's establishment as a modern nation-state in 1947 under Jawaharlal Nehru's premiership.³⁷ A significant area of cooperation between India and Bhutan lies in the hydropower sector. Bhutan, being a water-rich country, has the capacity to generate approximately 30,000 MW of hydroelectricity annually, with India being its largest importer.³⁸ It is estimated that Bhutan supplies around 5,000–5,500 million units of electricity to India each year.³⁹ Despite this cooperation, India's involvement in Bhutan's hydropower sector raises concerns for Thimphu. Bhutan, with a GDP of USD 2.5 billion (2020), has incurred a debt of USD 150 million (2016–2017) due to hydropower-related accumulation.⁴⁰

Furthermore, despite the 2017 Doklam standoff occurring in disputed territory between Bhutan and China, there are factions in Bhutan that prioritize resolving the border dispute with China diplomatically and are more concerned about their hydropower deficits vis-à-vis India.⁴¹ Surprisingly, Bhutan refused to deploy its troops against China during the Doklam standoff. In an unexpected development to Indian observers in April 2023, Bhutanese Prime Minister Lotay Tshering even stated that the Doklam issue needs to be resolved by all three countries, which some in New Delhi interpreted as legitimizing China's claims over the disputed region.⁴² However, Bhutanese commentator Wangcha Sangey contends that Bhutan's efforts to reach a border settlement with China would be smoother if

³⁶ Tessman and Wolfe, "Great powers and strategic hedging"; and Salman and Geeraerts, "Strategic hedging and China's economic policy."

³⁷ Dasho K. Letho and Dasho Karma. "Indo-Bhutan Relations." *Indian Journal of Asian Affairs* 7, no. 1 (1994): 53–58.

³⁸ Amit Ranjan, "During Visit to Bhutan, Jaishankar Must Address Hydropower Issues," *The Wire*, 8 June, 2019, <https://thewire.in/>.

³⁹ "Expanding Exports Point to Slow Growth in Home Power Demand," *Times of India*, 30 March 2017, <https://timesofindia.indiatimes.com/>.

⁴⁰ Tenzing Lamsang, "More than the Doklam Issue, Bhutan Worried about Hydropower Deficits," *Indian Express*, 29 July 2017, <https://indianexpress.com/>.

⁴¹ Lamsang, "More than the Doklam Issue."

⁴² Jyoti Malhotra, "Bhutan desperate to settle dispute with China. It will change how India looks at its north," *The Print*, 31 March 2023, <https://theprint.in/>.

India did not advocate for Bhutan to maintain control over Doklam. Sangey further suggests that relinquishing control of Doklam would provide an alternative import route, thereby reducing Bhutan's dependence on India.⁴³

Bhutan frequently underscores its role as a net provider of security in a region where tensions could otherwise escalate.⁴⁴ Tenzing Lamsang highlights the significant role of Bhutanese diplomacy in averting a larger Sino-Indian conflict, stating, "At the beginning of the standoff one assumption . . . was that of Bhutan being almost an Indian 'protectorate' and that it would do whatever India wanted. The assumption on the other side was that Bhutan would be intimidated by China. . . . By the end of the standoff both assumptions were turned on its head by Bhutan with its public statements, as well as behind the scenes diplomacy with both countries, helping them to not only achieve the disengagement, but also drawing red lines for both sides."⁴⁵ Bhutan has also committed to the "one China" policy and has refrained from taking any positions that could provoke China.⁴⁶ These actions by Bhutan illustrate the conscious diversification of its political and economic portfolio, i.e., engaging in hedging between China and India.

Nepal

Let's now examine Nepal, another neighbor of India to the north. Nepal and India share cultural similarities, with both countries having Hindu majorities.⁴⁷ In 1950, the two countries signed a treaty of peace and friendship, allowing their nationals to live, work, and study in each other's countries.⁴⁸ However, the implications of this treaty, evident in subsequent decades, made Nepal heavily reliant on India for trade, particularly for the transit of imports and exports due to Nepal's landlocked status. This reliance became evident in 1989 when the Indian government imposed a "formal" blockade on Nepal, and a similar "informal" blockade occurred again in 2015.⁴⁹

⁴³ Anbarasan Ethirajan, "Bhutan Wants a Border Deal with China: Will India Accept?," *BBC News*, 26 April 2023, <https://www.bbc.com/>.

⁴⁴ Nitasha Kaul, "Bhutan's Foreign Policy Balancing Act," *East Asia Forum*, 26 November 2022, <https://www.eastasiaforum.org/>.

⁴⁵ Tenzing Lamsang, "Bhutan's Diplomatic Triumph in Doklam," *The Bhutanese*, 9 February 2017, <https://thebhutanese.bt/>.

⁴⁶ Rajesh S. Kharat and Chunku Bhutia, "Changing Dynamics of India-China Relations," in *India in South Asia: Challenges and Management*, ed. Amit Ranjan (Springer, 2019).

⁴⁷ Rudabeh Shahid, "Nepal's #BackoffIndia Hashtag Was a Long Time Coming," *New Atlanticist* (blog), 28 May 2020, <https://www.atlanticcouncil.org/>.

⁴⁸ "Treaty of Peace and Friendship," *Ministry of External Affairs*, 31 July, 1950, <https://mea.gov.in/>.

⁴⁹ Abhishek Mohanty, "The India-Nepal Peace and Friendship Treaty: Need for a Critical Reappraisal," *Synergy: The Journal of Contemporary Asian Studies*, 7 January 2019, <https://utsynergyjournal.org/>.

In 2020, there was a surge of anti-India sentiment across social media platforms, with the hashtag #BackoffIndia trending. This outburst was triggered by India's claim to over 150 square miles (nearly 10,000 acres) of land that Nepal considered part of its territory.⁵⁰ These events unfolded while Nepal was still recovering from a devastating earthquake, and China stepped in to provide unparalleled infrastructure reconstruction support of USD 483 million.⁵¹ Consequently, China's favorability has increased in Nepal, as it is seen as a viable option to meet the country's growing infrastructure needs, including the construction of a railway from Tibet into Nepal.⁵² Since 2014, China has become the largest source of foreign investment in Nepal, and Indian influence has been overshadowed by Chinese financial support.⁵³ In February 2022, the growing Chinese influence manifested itself when the Nepalese parliament's ratification of the US Millennium Challenge Corporation's (MCC) USD 500-million grant sparked significant controversy. Factions allegedly aligned with China in Nepal raised concerns that this grant posed a threat to Nepal's sovereignty due to its connection to Washington's Indo-Pacific strategy and the potential deployment of US soldiers in Nepal.⁵⁴

Although Nepal shares a history intertwined with India and both countries have Hindu majorities, the past decade has witnessed Kathmandu's hedging behavior. On one hand, Nepal seeks to push back against India's historical dominance, while on the other hand, it has been compelled to accept Chinese investments for infrastructure development. This complex dynamic reflects the interplay between political, economic, and cultural factors in Nepal's engagement with its neighbors.⁵⁵

Maldives

In recent years, Maldives, another southern neighbor of India, has expressed dissatisfaction with its powerful neighbor and has shown a leaning toward China. India has historically played a role in Maldives' domestic politics, with a notable instance in 1988 when it deployed paratroopers and naval ships to assist former

⁵⁰ C.K. Lal, "Maelstrom of Collective Narcissism," *Kathmandu Post*, 12 May 2020, <https://kathmandupost.com/>.

⁵¹ Xinhua, "China Donates 483 Mln USD to Nepal for Post-Quake Rehabilitation, Reconstruction," *ReliefWeb*, 26 June 2015, <https://reliefweb.int/>.

⁵² Shahid, "Nepal's #BackoffIndia Hashtag."

⁵³ Ananth Krishnan, "China Is Largest FDI Source for Nepal, Overtakes India," *The Hindu*, 25 January 2014, <https://www.thehindu.com/>.

⁵⁴ "Nepal police fire tear gas to disperse protest over US aid grant," *Al Jazeera*, 20 February 2022, <https://www.aljazeera.com/>.

⁵⁵ Galen Murton and Austin Lord, "Trans-Himalayan Power Corridors: Infrastructural Politics and China's Belt and Road Initiative in Nepal," *Political Geography* 77 (March 2020): 102100.

President Maumoon Abdul Gayoom in repelling a coup attempt by a domestic businessman supported by Tamil mercenaries from Sri Lanka.⁵⁶ Until 2012, Beijing did not even have an embassy in Malé, indicating limited interest in the nation.

Yet during former President Abdulla Yameen's tenure from 2013 to 2018, things took a dramatic shift. In 2017, Maldives signed a free trade agreement with China, making it a major source of income from tourism.⁵⁷ Under Yameen's government, China funded major infrastructure projects, which many South Asia observers pointed out was pushing Maldives into a "debt trap."⁵⁸ However, under the new leadership of Ibrahim Mohamed Solih starting from 2019, there was a complete U-turn to an "India First" policy for strengthening economic and defense cooperation. Maldives also felt concerned about Chinese dominance, with at least 30% of its gross national income owed to China, and therefore tried to hedge its options by allying more closely with India.⁵⁹ In 2020, New Delhi pledged to extend USD 500 million to Maldives in soft loans and grants.⁶⁰

However, this has led to complications in recent years as supporters of the "India Out" movement question the presence of the Indian military in the southern parts of the country, stating that it threatens the sovereignty of Maldives. The Indian military's presence is part of India's USD 50-million line of credit to Maldives for defense projects, earmarked for the development, support, and maintenance of the harbor at Uthuru Thila Falhu Naval Base.⁶¹ Nonetheless, the anti-India protests grew significantly, prompting the Solih government to ban them in April 2022 by decree, which further sparked demonstrations.⁶² Despite concerns about falling into the trap of Chinese debt diplomacy, here too, India's big-brother attitude has fostered a climate of resistance against India.

⁵⁶ "HT This Day: Nov 5, 1988 - Indian Troops Crush Male Coup," *Hindustan Times*, 4 November 2021, <https://www.hindustantimes.com/>.

⁵⁷ Michael Kugelman, "The Maldives: An Island Battleground for India-China Competition," *Georgetown Journal of International Affairs*, 16 July 2021, <https://gjaia.georgetown.edu/>.

⁵⁸ Kugelman, "The Maldives"; and Balachander Palanisamy, "The Maldives' 'India Out' Campaign," *The Diplomat*, 26 July 2021, <https://thediplomat.com/>.

⁵⁹ Asian News International, "Sri Lanka, Pakistan, Maldives Stand Neck-Deep in Chinese Debt: Forbes," *Times of India*, 12 September 2022, <https://timesofindia.indiatimes.com/>.

⁶⁰ Nectar Gan, "A Tale of Two Bridges: India and China Vying for Influence in the Maldives," *CNN*, 25 November 2020, <https://www.cnn.com/>.

⁶¹ Rezaul H. Laskar, "India, Maldives Sign Agreements for Developing Naval Harbour, Boosting Defence," *Hindustan Times*, 21 February, 2021, <https://www.hindustantimes.com/>.

⁶² Sudha Ramachandran, "Decree Banning 'India Out' Campaign in Maldives Fuels Protests," *The Diplomat*, 11 May 2022, <https://thediplomat.com/>.

Sri Lanka

Sri Lanka appears to be the weakest hedger in the India-China balancing game. Indian involvement in this island's politics dates to the 1970s when it intervened in the Sri Lankan Civil War, which scholars on ethnic conflict such as Allison McCulloch and Jayadeva Uyangoda have classified as a full-blown ethnic war.⁶³ India intervened in the conflict due to pressure from its own Tamil political parties.⁶⁴ During the 1970s, India's external intelligence agency, the Research and Analysis Wing (RAW), aided in training and arming the Liberation Tigers of Tamil Eelam (LTTE) terrorist organization, which demanded a separate state for Tamils in northern Sri Lanka.⁶⁵ However, when the LTTE began forming alliances with separatist groups in Tamil Nadu, RAW withdrew its support as the Indian establishment feared the conflict would spill over into Indian territories.⁶⁶ The withdrawal of support angered the Tamil minority in Sri Lanka, culminating in the LTTE assassinating India's former Prime Minister Rajiv Gandhi.⁶⁷

Nevertheless, the presence of Indian troops to assist in implementing the Indo-Lanka Peace Accord, which called for creating a federal structure in Sri Lanka, did not sit well with the majority Sinhalese population.⁶⁸ The majority Sinhalese feared that the federal state structure outlined in the accord would pave the way for the creation of an independent Tamil homeland. Some even harbored concerns of territorial annexation by India due to the large Tamil population residing across the Palk Strait in the Indian state of Tamil Nadu.

This mistrust of India, combined with China's rising global stature, led Sri Lankans to grow closer to China over the years. When the US ceased direct military aid in 2007 due to Sri Lanka's dismal human rights record, China became the island nation's largest donor.⁶⁹ This included providing tens of millions of

⁶³ Allison McCulloch, *Power-Sharing and Political Stability in Deeply Divided Societies* (New York: Routledge, 2014); and Jayadeva Uyangoda, *Ethnic Conflict in Sri Lanka: Changing Dynamics* (Washington DC: East-West Center, 2007).

⁶⁴ P. A. Ghosh, *Ethnic Conflict in Sri Lanka and Role of Indian Peace Keeping Force (IPKF)* (New Delhi: A.P.H. Publishing Corporation, 1999), 62.

⁶⁵ Ghosh, *Ethnic Conflict in Sri Lanka*, 156.

⁶⁶ Carlton G. Haelig, "The Sri Lankan Civil War: Turning COIN on Its Head and Learning to Adapt," *Small Wars Journal*, 9 September 2017, <https://smallwarsjournal.com/>.

⁶⁷ "AG Perarivalan: India Top Court Frees Killer of Ex-PM Rajiv Gandhi," *BBC News*, 18 May 2022, <https://www.bbc.com/>.

⁶⁸ A. R. M. Imtiyaz, "Sinhalaized Nation-Building Project: A Symbol of Illiberalism?," *Indian Journal of Asian Affairs* 21, no. 1/2 (2008).

⁶⁹ Somini Sengupta, "Take Aid from China and Take a Pass on Human Rights," *New York Times*, 9 March, 2008, <https://www.nytimes.com/>.

dollars in sophisticated weapons and six F7 fighter jets.⁷⁰ Furthermore, China's veto power as a UN Security Council member prevented a UN investigation into alleged atrocities committed against the Tamils.⁷¹

In August 2022, a tussle between India and China unfolded in Sri Lanka regarding the docking of a research ship named Yuan Wang 5.⁷² India voiced security concerns, claiming that the vessel could possess military capabilities and potentially monitor several ports in southern India. Following the controversy, the vessel departed, but not without creating a diplomatic storm including statement by the Chinese Ambassador to Sri Lanka Qi Zhenhong who said that China and Sri Lanka had together “resisted the rude and unreasonable interference of third parties”⁷³—thereby reflecting China's growing involvement in the island nation, which was previously under the influence of India.

Additionally, the Sri Lanka-China bonhomie has resulted in a precarious situation. The construction of the Hambantota Port in southern Sri Lanka was financed by China. However, Sri Lanka struggled to repay the loans, leading to what some observers describe as a debt trap. When Sri Lanka defaulted on the loans, the port and 15,000 acres of surrounding land were leased to a venture led by China Merchants Port Holdings Company for 99 years in exchange for USD 1.1 billion in 2017.⁷⁴ The Sri Lankan case demonstrates how Indian political strategies during the Sri Lankan Civil War at least partially pushed Sri Lanka into the risky debt-trap game with China.

Bangladesh

Finally, let's turn our attention to Bangladesh's relationship with India. This is perhaps the most intriguing relationship between two countries in the South Asia region. During Bangladesh's war of independence from Pakistan in 1971, India provided refuge to 10 million refugees from the territory of what was formerly

⁷⁰ “China a Major Player in Sri Lanka War,” *Hindustan Times*, 2 May 2009, <https://www.hindustantimes.com/>.

⁷¹ Brad Adams, “We Cannot Ignore Sri Lanka,” *The Guardian*, 27 April 2009, <https://www.theguardian.com/>.

⁷² Yvette Tan, “Chinese ‘spy ship’ Yuan Wang 5 docks in Sri Lanka despite Indian concern,” *BBC News*, 16 August 2022, <https://www.bbc.com/news/world-asia-62558767>.

⁷³ Sudha Ramachandran, “India and China engage in war of words over Sri Lanka,” *The Diplomat*, 1 September 2022, <https://thediplomat.com/>.

⁷⁴ Kai Schultz, “Sri Lanka, Struggling with Debt, Hands a Major Port to China,” *New York Times*, 12 December 2017, <https://www.nytimes.com/>.

East Pakistan, as they fled a crackdown by the Pakistan military.⁷⁵ India also clandestinely supported the guerrilla fighters of East Pakistan for nine months as they battled against the Pakistan army. Eventually, in December 1971, the Indian Army entered East Pakistan, leading to the surrender of the Pakistan Army and the birth of Bangladesh as a new nation.⁷⁶

However, in the present day, this relationship is not as flourishing. With the rise of the right-wing Hindu nationalist Bharatiya Janata Party (BJP) in India, Indian politicians have frequently raised the contentious issue of undocumented migration of Bangladeshi Muslims to India. This has led to concerns among intellectuals and civil society circles in Bangladesh, as they fear it may trigger a future refugee crisis.⁷⁷ While this rhetoric is relatively recent, there have been other long-standing issues.⁷⁸ Firstly, there is the unresolved matter of water sharing from the River Teesta, a tributary of the River Brahmaputra, which flows from northern India into Bangladesh. The second issue pertains to over 1,200 Bangladeshi citizens killed by India's Border Security Force between 2001 and 2021. Indian authorities claim these actions are aimed at preventing cattle smuggling and undocumented migration. Lastly, another unresolved issue between India and Bangladesh relates to trade imbalances. Bangladeshi traders complain of facing numerous non-tariff barriers when exporting to India, while Indian traders do not face the same obstacles when exporting to Bangladesh.

On the other hand, China's relationship with Bangladesh started off on a negative note.⁷⁹ Mao Zedong's China opposed Bangladesh's independence in 1971 and aligned with the Pakistani establishment at the time. In 1972, China exercised its veto powers as a permanent member of the UN to block Bangladesh's membership. In fact, China withheld diplomatic recognition from the new country until 1975. However, China has now become the largest source of foreign direct investment and the leading trading partner for Bangladesh.⁸⁰ In April 2023, Bangladesh's *Indo-Pacific Outlook* document was published, which affirmed its commitment to

⁷⁵ Subir Bhaumik, "Insurgencies in India's Northeast: Conflict, Co-Option & Change." *East-West Center*, 2007.

⁷⁶ Willem Van Schendel, *A History of Bangladesh* (Cambridge: Cambridge University Press, 2020).

⁷⁷ C. R. Abrar, "NRC, CAA and Bangladesh," *Daily Star*, 3 January 2020, <https://www.thedailystar.net/>.

⁷⁸ Champa Patel and Rudabeh Shahid, "Bangladesh's Regional Majoritarian Challenge," *East Asia Forum*, 13 November, 2019, <https://www.eastasiaforum.org/>.

⁷⁹ Andrew Small, *The China-Pakistan Axis : Asia's New Geopolitics* (Oxford: Oxford University Press, 2015).

⁸⁰ "China now largest FDI source of BD," *Financial Express*, 18 December 2022, <https://thefinancialexpress.com.bd/>.

nonalignment and safeguarded its interests with Beijing.⁸¹ Observers have highlighted that the US visa policy, introduced the following month, with the aim of “supporting a free and fair election in Bangladesh” and allowing visa denials for those who obstruct the electoral process, cannot be separated from China’s increasing influence in Bangladesh.⁸² Interestingly, while India’s treatment of its Muslim population has fueled anti-India sentiments within certain sections of Bangladeshi civil society, there appears to be no public discourse surrounding China’s treatment of Uyghur Muslims.⁸³ This highlights the cultural basis of Bangladesh’s hedging between India and China.

Conclusion

Through their hedging behavior, it is evident that the NN5 countries have developed intricate political connections with India and China, and they generally do not align with specific camps. In the 1980s, there was significant enthusiasm among the NN5 countries when the South Asian Association for Regional Cooperation (SAARC) was established, as its membership was expected to foster greater regional engagement and reduce dependence on India.⁸⁴ However, SAARC became entangled in the geopolitical rivalry between India and Pakistan and failed to achieve the desired level of economic integration as envisioned by the NN5 countries. As a result, other subregional groupings were conceived. One such grouping is the Bangladesh, Bhutan, India, Nepal (BBIN) initiative, which aims to connect the eastern part of South Asia.⁸⁵ Another more ambitious grouping is the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), a larger alliance of countries situated along the Bay of Bengal with a focus on maritime cooperation.⁸⁶ Another subregional grouping, the 2015 India–Sri Lanka–Maldives Trilateral Maritime Security Cooperation, actively addresses concerns such as maritime piracy, terrorism, nontraditional

⁸¹ *Indo-Pacific Outlook of Bangladesh* (Dhaka: Ministry of Foreign Affairs, 24 April 2023), <https://mofa.gov.bd/>.

⁸² Md. Salman Rahman, “The US steps up pressure on Bangladesh ahead of elections,” *The Interpreter*, 9 June, 2023 <https://www.lowyinstitute.org/>; and Ali Riaz, “What the new US visa policy for Bangladesh means,” *South Asia Source* (blog), 6 June, 2023, <https://www.atlanticcouncil.org/>.

⁸³ Rudabeh Shahid and Arafat Kabir, “At 50, Bangladesh Perfects an India-China ‘Balancing Act,’” *9DASHLINE*, 2 June 2021, <https://www.9dashline.com/>.

⁸⁴ Ma Jiali. “SAARC: Achievements and Challenges.” *Policy Perspectives* 9, no. 1 (2012), 161–65.

⁸⁵ Sohini Nayak, “A Resurrection of the BBIN MVA,” *Observer Research Foundation*, 2022, <https://www.orfonline.org/>.

⁸⁶ “Home—Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation,” *BIMSTEC*, 2016, <https://bimstec.org/>.

threats, and energy security in the Indian Ocean region.⁸⁷ Nevertheless, the effectiveness of these subregional groupings has been constrained. Despite multiple rounds of multilateral talks, none of these groupings have achieved full functionality to date.⁸⁸

A series of Asia strategy simulations hosted by the German Marshall Fund over the course of a decade sought to find answers on how the United States and its allies can succeed in the Indo-Pacific and better prepare for long-term competition in the region.⁸⁹ These simulations revealed that the United States benefits whenever it focuses on “swinging” states. A report summarizing the findings of these simulations emphasized that the United States has made significant progress in bringing together nations that are eager to resist China.⁹⁰ However, it suggested that more attention should be given to the region’s “swinging” states, those countries that have yet to firmly decide their alignment. While achieving quick victories with these countries is unlikely, sustained engagement can lay the groundwork for future realignment. The report states: “Countries that are still making their alignment decisions deserve more attention than they have received. Engaging countries like Bangladesh, Indonesia, Malaysia, the Philippines, Singapore, Vietnam, and various Pacific Islands is a challenging task. Many are cautious of US pressure and perceive their interests and values as somewhat different from those of the United States. Nonetheless, successful diplomacy can yield tangible results. Each country desires US investment, which is crucial for their continued development. However, they all hope to avoid having to choose between the United States and China. This presents an opportunity for greater US engagement, albeit one that must be approached delicately.”⁹¹ Therefore, given the circumstances conducive to China exerting influence in the region, it is strategic for the United States and its Western allies to reevaluate their South Asia policy and prioritize genuine bilateral or multilateral engagement with the NN5 countries by understanding their concerns, interests, and perspectives. ★

⁸⁷ Krupa Vasani, “India, Maldives and Sri Lanka: Trilateral Cooperation on Maritime Security,” CESCUBE, 2 October 2021, <https://cescube.com/>.

⁸⁸ Reena Marwah and Swaran Singh, *Multilateralism in the Indo-Pacific: Conceptual and Operational Challenges* (New York: Taylor & Francis, 2022).

⁸⁹ Zack Cooper and Aaron L. Friedberg, “Six Lessons from a Decade of Asia Strategy Simulations | Strengthening Transatlantic Cooperation,” The German Marshall Fund of the United States, June 2022, <https://www.gmfus.org/>.

⁹⁰ Cooper and Friedberg, “Six Lessons.”

⁹¹ Cooper and Friedberg, “Six Lessons.”

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