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SHIFTING BALANCES IN SOUTH ASIA

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ISPI

Institute for Security & Development Policy

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CONTENTS

South Asia is undergoing a period of profound transformation, driven by climate stress, political instability, social unrest, and unresolved conflicts. Yet to what extent are these domestic turbulences shaped by the region's shifting geopolitical environment? And how are South Asian states navigating an increasingly competitive regional order? This Dossier explores how rivalry between India and China is redefining South Asia's strategic landscape, from the stalled Himalayan border dispute to growing competition for influence through political backing, infrastructure, and energy investments. It examines the strategies of New Delhi and Beijing and the ways in which key countries in the region balance their relationships with

both powers. The analysis also looks beyond regional dynamics, assessing the role of external actors such as the European Union and Japan. The signing today of the long-awaited EU-India trade agreement underscores South Asia's rising relevance: not only as a theatre of regional competition, but as a central node in wider global economic and strategic networks.

SOUTH ASIA AT A TURNING POINT: INSTABILITY, COMPETITION AND THE SEARCH FOR ORDER

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Political tensions, widespread economic difficulty and regional challenges that span from conflict to climate uncertainty: what future ahead for the South Asian region?

South Asia has entered 2026 in a condition of **profound political flux.** Once characterised by a relatively stable, if fragile, regional order anchored in entrenched leadership, predictable alignments and managed rivalries, the region is now defined by uncertainty, contested transitions and overlapping crises. From the regime change in Bangladesh and Nepal to the renewed interstate tensions between India and Pakistan; from the managed thaw between India and China to Myanmar's protracted civil war and its regional spillovers, South Asia is experiencing a period of **acceler-**

ated transformation whose consequences extend well beyond its borders.

THE REGIONAL CONTEXT IN SOUTH ASIA

At the core of this transformation lies the interaction **between domestic political volatility and geopolitical competition.** Over the past two years, mass mobilisation and protest politics have re-emerged as decisive forces. In Bangladesh, the downfall of Sheikh Hasina in 2024 ended a decade-long political equilibrium and opened a **turbulent transition** that will culminate in general elections in February 2026. In Nepal, the collapse of the Oli-led government in 2025 and the approach of new elections in March 2026 have once again exposed the country's **chronic instability and its vulnerability to external influence**. These developments are not isolated episodes, but rather part of a broader regional pattern in which legitimacy deficits, economic pressures and generational change undermine political settlements once considered durable.

At the same time, **hard security dynamics** have returned forcefully to the regional agenda. The India-Pakistan confrontation of Spring 2025 – stopping short of full-scale war but marked by unprecedented escalation risks – has underscored **how quickly bilateral crises can spiral** in an environment of mutual distrust and compressed decision-making. While deterrence still holds, the margin of error has narrowed and domestic political incentives increasingly shape escalation dynamics on both sides. Parallel to this, the India-China relationship has entered a phase best described as **stabilised but unresolved.** The 2024 agreement on border patrolling arrangements along the Line of Actual Control has enabled the resumption of **high-level dialogue and a limited normalisation of ties** – a dynamic accelerated by Donald Trump's tariff pressure on both countries – yet it has not addressed the structural drivers of rivalry: competing development trajectories, unresolved territorial disputes and deep strategic suspicion.

Nowhere are these tensions more visible than in **the Himalayan frontier**, which has evolved from a contested boundary into a multidimensional strategic system. Infrastructure expansion, military posturing, hydropolitics and climate stress increasingly interact along the India-China border, **turning geography itself into an active driver of instability.** Development projects, border villages and hydropower dams are no longer neutral instruments of growth, but tools through which sovereignty are asserted and strategic advantage pursued, often at the cost of trust and transparency.

Beyond interstate rivalries, Myanmar's enduring crisis has become **a regional flashpoint.** As this dossier goes online, the completion of Myanmar's elections does not mark the resolution of crisis, but a recalibration of it. The military-managed poll, widely rejected by opposition forces and questioned by international observers, has fo**rmalized a controlled political outcome** without restoring legitimacy or national cohesion. Rather than stabilizing the country, the elections risk institutionalizing a fragmented order in which armed resistance, ethnic governance structures and a "civilized" military regime co-exist uneasily. For South Asia, this outcome matters less for its procedural shortcomings than for its **strategic consequences**: prolonged instability along India's eastern periphery,

sustained refugee pressures on Bangladesh and the entrenchment of a conflict economy that links South and Southeast Asian security theatres more tightly than before.

Against this backdrop, external powers face **diminishing returns on strategic ambition.** China's massive investment in Pakistan under the China-Pakistan Economic Corridor has failed to deliver stability, instead exposing Beijing to the risks of militancy, political dysfunction and regional entanglement. India, for its part, finds its "Neighbourhood First" policy **under unprecedented strain**, as familiar political interlocutors disappear, and anti-India narratives gain traction in transitional settings. Even actors traditionally perceived as stabilizing - such as Japan and the European Union – must now operate in an environment where connectivity projects are inseparable from domestic politics, regime legitimacy and security dilemmas.

Looking ahead to the second half of this decade, several trends stand out. South Asia is likely to remain a region of **managed instability rather than resolution.** Elections will not automatically restore legitimacy; connectivity will not guarantee convergence; and great-power competition will increasingly be filtered through local political economies and social contestation. The key question is no longer whether South Asia will change, but whether its transformations can be channeled into **a more sustainable regional order** or whether **fragmentation and crisis management will become the new normal.**

In fact, these developments underscore a broader reality: the European Union can no longer afford to treat South Asia as a peripheral or static neighborhood. Political transitions, contested elections and state fragility are reshaping the region precisely at a moment **when global power competition is intensifying**. For the EU, South Asia is no longer only a space for development cooperation or connectivity investment, but a region where democratic regression, security volatility and great-power rivalry intersect directly with **European interests** – from supply chains and maritime security to migration governance and normative credibility. Taking stronger note of these shifts requires moving beyond episodic engagement toward a more politically attuned strategy that links the EU's Global Gateway, crisis diplomacy and partnerships with India and regional actors into a coherent South Asia approach.

Looking ahead, South Asia's geopolitical dynamics are likely to become **more fluid and less predictable.** Electoral politics will coexist with informal power, regional alignments will be shaped as much by domestic legitimacy as by external incentives and sub-regional theatres – from the Himalayas to the Bay of Bengal – will gain **strategic salience.** For external actors, including Europe, the challenge will not be to impose order, but to navigate a region where transformation, rather than stability, has become the defining condition.

INTRODUCING THE CONTRIBUTIONS

It is against this complex and shifting backdrop that this dossier is conceived. The **first section** of the dossier examines South Asia through the prism of **great-power politics**, with a particular focus on India and China. Sreeradha Datta analyses India's evolving relations with its neighbours, showing how domestic upheavals in Bangladesh, Nepal and Sri Lanka have complicated New

Delhi's regional strategy. Antara Ghosal Singh explores the fragile thaw in China-India relations, situating it at the intersection of border management, economic interdependence, and global uncertainty. Eerishika Pankaj complements this perspective by reframing the Himalayas as a systemic driver of rivalry, where infrastructure, ecology, and sovereignty increasingly converge.

The **second section** shifts the focus to **domestic political landscapes and their regional implications**. Michele Danesi assesses Bangladesh's uncertain transition toward the 2026 elections and its impact on relations with India and China. Chulanee Attanayake examines Sri Lanka's narrow path between economic recovery, climate vulnerability, and strategic competition in the Indian Ocean. Marcus Andreopoulos interrogates China's increasingly risky bet on Pakistan, where instability threatens to undermine Beijing's western strategy. Pramod Jaiswal analyses Nepal's position between India and China ahead of crucial elections, while Paola Morselli shows how Myanmar's civil war has evolved into a transnational crisis reshaping South Asia's borderlands.

The **final section** addresses **connectivity and cooperation as instruments of influence**. Ryohei Kasai explores Japan's long-term developmental engagement in South Asia, highlighting how infrastructure and standards have become tools of strategic presence. Jagannath Panda concludes by situating South Asia within Europe's Indo-Pacific calculus, asking whether the EU's Global Gateway can translate normative ambition into tangible regional impact amid intensifying competition with China.

Together, these contributions try to offer not a single narrative, but a **layered diagnosis** of a region in motion. South Asia today is neither merely a theatre of great-power rivalry nor a collection of domestic crises. It is a space where **internal transformation and external competition intersect**, often unpredictably, shaping one of the most consequential geopolitical regions of the coming decade. Moreover, from a broader point of view, following the high-profile presence of Ursula von der Leyen and Antonio Costa as chief guests at India's Republic Day celebrations, **EU-India relations have entered a decisive phase.** The political signaling from New Delhi and Brussels has reinforced momentum toward the conclusion of the long-pending EU-India Free Trade Agreement, with both sides now positioning the deal not merely as a trade instrument but as **a strategic anchor for Europe's economic and geopolitical engagement with South Asia.** In this context, this study is both timely and policy-relevant, offering critical insights into South Asia's shifting political and geopolitical landscape at a moment when Europe's strategic, economic, and normative stakes in the region are rapidly deepening.

INDIA AND SOUTH ASIA: FINDING DIVERGENCE AND SEEKING CONVERGENCE

SREERADHA DATTA
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Political instability across South Asia has created fresh challenges for India, putting New Delhi's "Neighbourhood First" policy under pressure in the first year of Modi's new term.
Sreeradha Datta

2025 has seen significant changes in India's ties with its South Asian neighbours. Subtle yet significant shifts in Sri Lanka, Bangladesh and Nepal over the past two years have also had a major impact. The **Indo-Pakistani conflict** heightened Indian reproachment with the Taliban[1] regime in Afghanistan was a break from the past. At the same time, the return of an elected government to Colombo after the *Aragalya* movement stabilised[2] Sri Lankan ties with Delhi.

However, the evolving situation in Nepal and Bangladesh **still leaves uncertain days ahead**.

Since coming to power in 2014, the National Democratic Alliance government led by Narendra Modi has guided **guided India's engagement with South Asia through its** "Neighbourhood First" policy.[3] The initiative aimed to enhance physical and digital connectivity, strengthen economic and trade ties and deepen people-to-people contacts. Indeed, 2025 saw India consolidate ties with the Maldives and Sri Lanka, while being confounded with the drastic fall of Prime Minister Sheikh Hasina's, Awami League government in Bangladesh, and the sudden collapse of the Nepali Congress (NC) and Communist Party of Nepal-Unified Marxist Leninist (CPN-UML) coalition[4] government led by K.P. Sharma Oli. Youth movements in both countries overthrew two long-standing leaders, triggering abrupt political shifts that left India struggling to respond.

CROSS-BORDER FACILITIES

Developing cross-border energy trade, infrastructural and transport facilities has been a **priority** for India in South Asia. In fact, the latest trilateral hydroelectricity power agreement[5] amongst Nepal, Bangladesh and India could mark a **significant step toward sub-regional cooperation**, which has so far remained limited in the region. The Indo-Nepal decision to develop new transmission corridors[6] was also among the key bilateral energy trade agreements reached in 2025. Undoubtedly, India's most robust partner in energy trade remains **Bhutan**: the inauguration of the Punatsangchhu-II project, one of five mega hydropower built by India, took place during Modi's visit to Bhutan this November. Amongst other agreements, India also offered a US$450 million credit line[7] to Bhutan.

Similarly, India- Bangladesh energy trade has grown[8] over the past decade, with India supplying 17.13% of Bangladesh's total electricity this year. However, bilateral trade has slumped due to **Bangladeshi and Indian impasse**. Late last year, India revoked a 2020 agreement that had permitted Bangladesh to use Indian land customs stations, ports and airports for the transshipment of goods to third countries. Meanwhile, Bangladesh **banned rayon export** from land ports from India early this year and India banned of the entry of readymade garments[9] from Bangladesh through its land ports (May 2025). This was followed by another Indian restriction on jute[10] and related products from Bangladesh, allowing entry only through the Nhava Sheva seaport in Mumbai. Thus, the cross-border trade and transport facilities that had been developed over the past decade now remain **underutilised** due to the political differences between India and the Interim government that took over in Bangladesh after Sheikh Hasina fleeing Dhaka in August 2024.

Indeed, there has been recalibration in Indo-Sri Lanka ties. The new National People's Power alliance, led by Anura Kumara Dissanayake, who was elected President,[11] has moved from his erstwhile anti-India position enabling the Delhi-Colombo ties to normalise. Since December 2024,[12] the two sides have signed several agreements for joint projects, but, despite years of discussion, bilateral energy trade remain undecided and one of the wind energy projects by Adani Green Energy[13] has been cancelled.

FRACTURED POLITICAL TIES

While India's help during the Sri Lanka's economic crisis in 2023 improved its relationship with Colombo, the country has faced setbacks from two of its vital neighbours, Bangladesh and Nepal. India has lost the Awami League constitu-

ency it had engaged with for long and, given the anti- India popular mood, it will be a while before India can **replicate the past bonhomie**. The elected government will find it difficult to overcome prevailing domestic sentiment and pursue deeper ties. Similarly, Nepali leaders, despite close association with New Delhi in the past, have not hesitated to use **anti-India rhetoric to leverage their political advantage**. The new government will need time to warm up to India.

The people-to-people ties that existed between India and Bangladesh has also come to standstill, with the number of daily visas[14] being issued falling by nearly 90%. Although education scholarships were still offered, the operation of **cross-border transport facilities has been discontinued**. Despite the unique open border that exists between India and Nepal, their political ties have always been uneven and ever since Oli took over as prime minister in mid-2024, they have gone downhill. Additionally, India's implementation of the Agnipath policy[15] has broken the historical military links the two neighbours enjoyed through the hundreds of Gurkhas from Nepal who served in the Indian army.

Inviting the Taliban foreign minister to India was undoubtedly the biggest outreach that India initiated in the neighbourhood. Despite some initial contacts were already under way, it is only after **Operation Sindoor** – launched by India against Pakistan in response to the terrorist attacks on tourists in Pahalgam, Kashmir – that Delhi decided to formally engage with Afghanistan leaders. Thus, while the Indo-Pakistani conflict of April-May 2025 raised the bilateral hostility to a new level, Indian reproachment with the Taliban regime[16] in Afghanistan provided an opportune window, despite Delhi's erstwhile non-recognition of the Taliban.

In the Maldives, India has **successfully overcome the anti-India campaign**, although its military presence had to be removed. Modi's visit to Male, in July, has to some extent restored the bilateral strategic partnership. India remains the Maldives's largest trade partner and has offered a US$565 million credit line while also initiating free trade negotiations.

Despite many attempts, there was **no further development** of cross-border transport facilities and Delhi ran into difficulties over building the Ram Setu bridge to connect Sri Lanka to the Indian state of Tamil Nadu. The only road link that has been agreed this year was the Indo-Bhutan decision to **connect** Bhutan's Gelephu and Samtse to India's rail network. This will also connect to Bangladesh's Mongla port in the Bay of Bengal, through India's road links in the Northeast region. Once implemented, a cobweb of transport networks would take shape in the sub-region.

TIME TO RESET TIES

Given the changing domestic milieu in the neighbourhood, India has had to adapt and improvise periodically, as seen *vis-à-vis* Sri Lanka and the Maldives. Except for Bhutan, who shares special ties with India, most bilateral ties seem **caught up in cycles of instability and uncertainty**. For India, its security concerns outweigh other considerations, and for its neighbours, their expectation from India invariably **falls short**. However, despite political differences, India has been the **most reliable first responder** in any humanitarian crisis in the region. In the recent aircraft crash on a school compound in Dhaka, Delhi unhesitatingly responded to the crisis call from the Interim government.

The year under review underscores that, for India, given the evolving political dynamics, bilateral ties remain a work in progress, **with phases of success and several setbacks.**

While this year India has attempted to build a partnership in the region,[17] critical to reset some of the bilateral ties by shedding past linkages, conveying an intent to engage with new partners and stakeholders. India will increasingly have to **ensure its own security**, without depending on its neighbours. Evidently, **overreliance on neighbours comes with a cost.** Expressing red lines, exhibiting mutual respect and conveying intent to work with multi stakeholders becomes an imperative for India to manage its neighbourhood ties more effectively in the future.

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ANALYSING THE THAW IN CHINA-INDIA RELATIONS

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The 2024 agreement on border patrol in the disputed territories initiated a normalization process between New Delhi and Beijing, but the bilateral ties are far from achieving normalisation and are conditioned by economic incentives and security concerns.

In the latest sign of warming of relations between the world's two largest economies, **direct flights have resumed**[1] between India and China on 27 October 2025 after a five-year hiatus. India-China relations have been showing **signs of improvement** since early last year as both sides occasionally sent out positive signals. Indian Prime Minister Narendra Modi called for an "urgent" solution[2] to the border stalemate in a magazine interview in April 2024. This was followed by China appointment of a new ambassador to India after an 18-month gap. On 21 October,[3] India and China **reached an agreement** on patrolling arrangements along the Line of Actual Control (LAC) in the areas of Depsang and Demchok, which led to the final disengagement of troops from all the hotspots of 2020. This culminated in the 23 October meeting between PM Modi and Chinese President Xi Jinping at the BRICS Summit in Kazan. High-level exchanges between India and China have gained momentum after the summit, aimed at **restoring normalisation of bilateral ties**.[4]

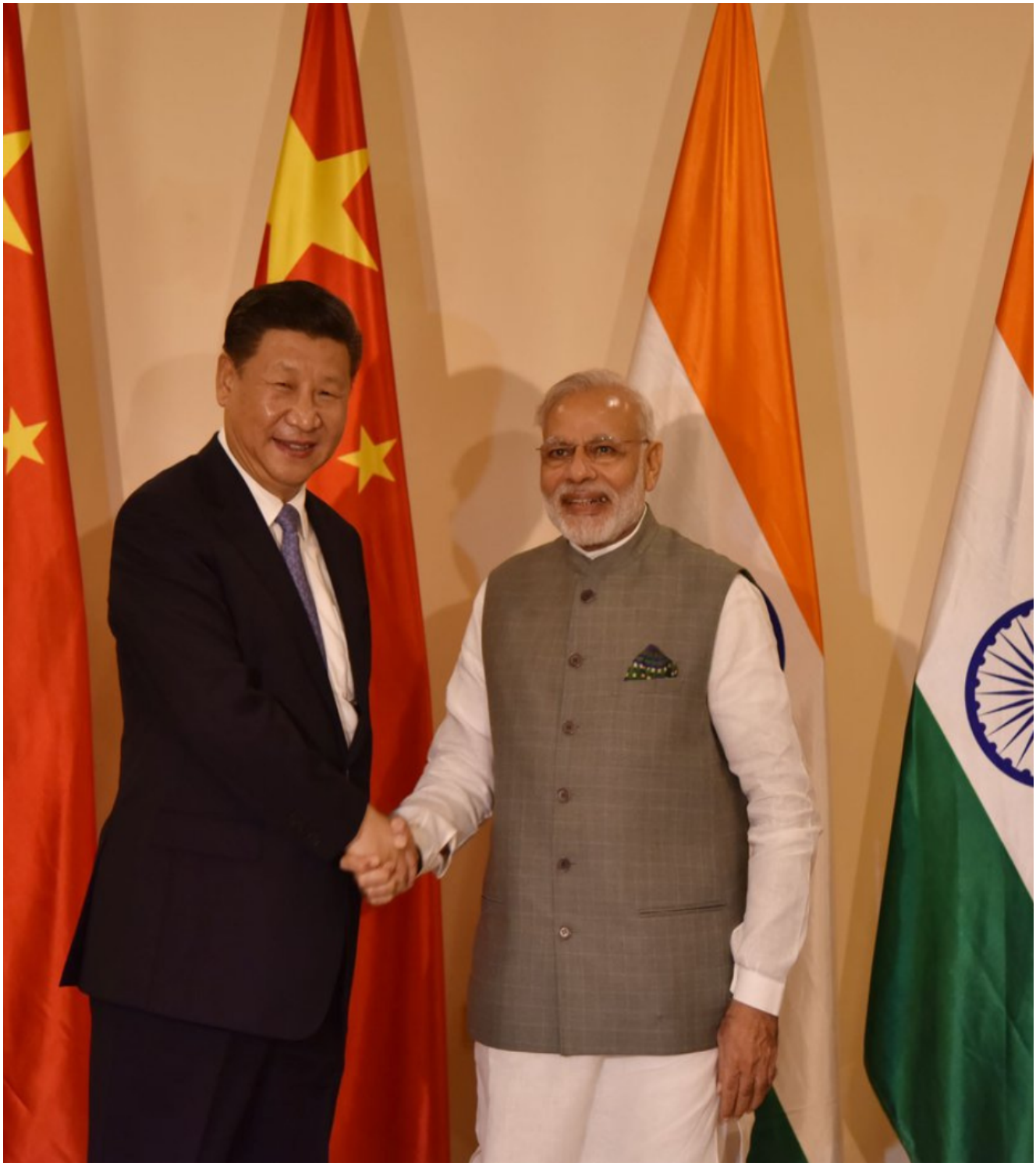
BORDER PATROL AGREEMENT: THE KEY ICEBREAKER

It is generally understood that the border patrol agreement has been the key ice-breaker in China-India bilateral ties.[5] Since the Galwan clash of 2020, New Delhi has consistently demanded that the Chinese army **withdraw** to its position prior to April 2020 and restore India's patrol rights in the disputed area. From India's perspective, the agreement of October 2024 is a sort of "diplomatic victory",[6] as it finally restored **patrol rights** in the disputed area after four years of confron-

tation. At the same time, the Chinese side proclaimed that the deal only involves **border patrol** and has nothing to do with **sovereignty demarcation**.[7] Thus, the issue of border sovereignty was handed over to the meeting mechanism of special representatives on border issues, which was restarted after a gap of five years. It is this re-shaping of the rules of engagement at the LAC, that has formed the basis of **progress in bilateral negotiations**.

WHAT COMPELLED CHINA AND INDIA TO PATCH UP?

Now the question arises: why were China and India compelled to conclude this border agreement at this point in time? The **Trump factor** and the possible uncertainty associated with Trump 2.0 might have influ-



enced both side's initial calculations. In subsequent months, the White House's **aggressive tariff policy** might have further fast-tracked the process of reproachment. But, apart from that, it is also the fundamental interests of both China and India, that is eventually shaping the contours of this consequential relationship. Another incentive for this relative rapprochement has come from the closer ties the White House is establishing with Pakistan: the series of high-level meetings between the leadership of the two countries – including Shehbaz Sharif visiting Donald Trump in Washington last August[8] – contributed to rise concerns not only in India, where tension is still high after Operation Sindoor, but also in Beijing, where Pakistan is a critical ally, despite recent decrease in bilateral investments.

However, India is well aware of **China's manufacturing prowess** and is particularly concerned about its high dependence on Chinese manufacturing. The India Economic Survey 2024-25[9] has clearly highlighted China's o**verwhelming manufacturing dominance** in various sectors like electric vehicles (EVs) and critical minerals, and stated how China's manufacturing output, which is now nearing 45% of the global total, is at a level not seen since the UK and US at their industrial peaks. The survey also pointed out India's heavy dependence on Chinese supply chains, particularly for **solar energy** components like polysilicon, wafers, and batteries, which makes India particularly vulnerable to supply chain disruptions, price fluctuations and currency risks. In recent months there have been multiple instances of China putting export control on rare earth magnets, fertilizers, tunnel boring machines etc headed to India, which has had **devastating impact** on various Indian industries.[10] No wonder, there is interest in various industries in India to revive economic engagement with China after years of tension, albeit while maintaining caution.

However, although often underexplored, the importance of relations with India from Beijing's point of view is self-evident. One of the main concerns in the Chinese economic debate is the **sustainability of their export-led economic model**: on the one hand, given the severe overcapacity in the country's domestic market, there is anxiety that without new overseas markets, domestic manufacturers will go **"out of business"**.[11] On the other hand, China's access to global export markets is shrinking under the impact of **intensifying great-power competition**. This makes India a critical market for Chinese businesses, which are convinced that, in the near future, India will "become one of the only three independent big markets of the world, after the US and China, with market size and development opportunities far ahead of other countries".[12] What makes the Indian market more attractive to Chinese companies is that it is the only large market where the **local companies are still weak**, thus marking a more certain prospected consumption upgrade. Faced with such a large market with such great potential, it is only natural for Chinese enterprises to be particularly enthusiastic about being in India. Because if they don't, they fear others will, which will only be affecting Chinese companies' **global competitiveness**.

Ties with India are extremely relevant also on **the political side**. For China, which often sees the China-India border dispute and the Taiwan issue as a two-front challenge,[13] **stabilizing its western front is imperative** to carry out its crucial goal

of cross-strait reunification.[14] Many Chinese observers admit that India's imperfect development trajectory has a greater appeal among developing countries or global south countries compared to China's daunting economic achievements. From that perspective, if India were to align more closely with China, it would provide great **legitimacy to its development model** and its leadership of the global South and help it counter the US or the West more forcefully. It is all these geopolitical considerations that seem to be pushing Beijing to improve its ties with India.

However, despite the positive trend in China-India bilateral ties in the past few months, the future remains **uncertain**. Deep down, Beijing remains adamant[15] not to see India emerge as the "second China"[16] which, it fears, may complicate its security environment. At the same time, New Delhi remains deeply anxious of China's **overwhelming productivity**, capable of wiping out its indigenous industries and endangering its sovereignty and national integrity – a deadlock with no easy way-out, particularly in the **current turbulent international environment**.

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PORTRAIT OF A BORDER: HOW THE HIMALAYAS SHAPE INDIA–CHINA GEOPOLITICS

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At the intersection of infrastructure, contested borders and ecological stress, the Himalayan frontier has become the space where history, security and development reshape India–China rivalry.

A persistent debate animates contemporary analyses of India–China relations: whether the intensifying contestation in the Himalayan region is primarily a product of **present-day geopolitical dynamics** – military deployments, infrastructure competition and shifting power balances – or whether it reflects a deeper, **more permanent civilizational conflict rooted in Tibet**,

historical boundary making, and long-standing narratives of territorial legitimacy. Beyond academia, this debate actively shapes how both states interpret intent, assess threat and justify policy choices.

However, the Himalayan frontier today cannot be understood exclusively through either lenses. Rather, it is the convergence of both contemporary geopolitical pressures and enduring civilizational anxieties that has **placed the original Himalayan status quo under unprecedented strain**. Traditionally, the massive Himalayan orogenic belt served as the **natural rampart separating South and East Asian polities**; more specifically, acting as a dividing bridge between India and China. The existence of Tibet as a semi-autonomous intermediary space reinforced this separation. Nevertheless, China's military occupation of Tibet in 1950 **erased this buffer** and brought the two postcolonial states face-to-face along what soon became the **longest un-demarcated border in the world**. As a result, in contemporary South Asian geopolitics, the Himalayas function less as a natural barrier and more as a political system that shapes how two civilizational powers – India and China – interpret sovereignty, power and order.

The political transformation of the contested geography, once the "buffer zone between the two nascent postcolonial states vanished",[1] continues to be marked by **contradictory cartographies and deeply asymmetrical threat perceptions**. China views stabilising Tibet as central to consolidate territorial sovereignty, whereas India has interpreted the absorption of Tibet as strategically destabilising and normatively troubling, particularly as the Dalai Lama and tens of thousands of refugees crossed into India in 1959 – where they continue to have political asylum. This episode intensified Beijing's suspicions that New Delhi's Tibet **policy threatened internal stability in China's western frontier**[2] – a perception that became one of the central drivers behind China's 1962 war against India. Since the 1962 war, the Himalayan arc has been the principal site of military contestation between the two Asian giants.

STRATEGIC TERRITORIALITY AND MILITARISED CARTOGRAPHIES

China's sense of insecurity in Tibet is juxtaposed with India's hosting of the **Tibetan exile community** led by the 14th Dalai Lama Tenzin Gyato who China has termed an "anti-China separatist under the cloak of religion".[3] This insecurity is further marred by its claims on the Indian state of Arunachal Pradesh, which they term as Zangnan, as part of Xizang or Southern Tibet. These remain **fundamental sovereignty fault lines**, casting a long shadow over bilateral relations and enabling secondary deterrence strategies through Pakistan and other Himalayan states. For much of the post-1962 period, Himalayan geopolitics revolved around **disagreements linked to the colonial-era border making**, particularly the McMahon Line in the eastern sector. China's rejection of the McMahon Line as a product of imperial imposition **historically complicated negotiations and reinforced Beijing's narrative of territorial injustice**. Yet, while the McMahon Line remains symbolically important, the contemporary conflict has increasingly moved beyond this original disagreement. Today's tensions are less about inherited boundary lines and more about expanding competing claims driven by infrastructure expansion, patrol patterns and changing military postures across the Line of

Actual Control (LAC). The LAC remains **undefined, mutually contested and physically inhospitable** – all the while growing deeply politically important. China and India do not agree on its length or alignment, and this ambiguity **embeds instability into everyday military interactions**. The absence of formal demarcation ensures that hostile encounters are structurally recurrent rather than accidental,[4] as demonstrated by the 2020 Galwan clash. Hence, the Himalayas have steadily **evolved into a landscape of militarisation and intense frontier infrastructure competition**, where each state seeks to reinforce claims and mobility advantages across a difficult and politically sensitive border.

Another key factor compounding China's sense of insecurity in Tibet is India's growing border development plans. Roads, tunnels, airbases and forward logistics nodes on the Indian side – long viewed in Beijing as a strategic vulnerability – **are increasingly perceived as altering the military balance**. Chinese leadership discourse, think-tank commentaries and state media narratives frequently frame Indian infrastructure development as evidence of offensive intent rather than defensive modernisation. For instance, the opening of the Sela Tunnel by India in Arunachal Pradesh[5] received a sharp reaction from China along with a diplomatic protest over PM Modi's visit to the Indian northeast state to inaugurate the project.[6] The **re-operationalisation of the Mudh–Nyoma airbase**[7] is interpreted through a zero-sum lens, reinforcing Beijing's belief that India seeks to normalise permanent forward deployment along the frontier. Chinese Foreign Ministry has long argued that it "has only had very little infrastructure built on its side of the boundary",[8] while India has "even built fortifications and other military installations on the boundary". Conversely, India's politico-military establishment views such infrastructure **as an overdue correction rather than escalation**. Decades of underdevelopment along the border are now framed domestically as strategic neglect, and recent projects are justified as necessary for deterrence,[9] rapid mobilisation and civilian connectivity. This divergence in perception – Chinese narratives of encirclement versus Indian narratives of resilience – deepens mutual mistrust and reduces the space for confidence-building.

HYDROPOLITICS, ECOLOGICAL FRAGILITY AND STRATEGIC LEVERAGE

Increasingly, regime narratives on both sides are **extending beyond military geography** into domains such as hydropolitics, ecology and development. In China's white papers on Tibet, hydropower expansion in the region is framed as green development and national rejuvenation,[10] without also highlighting the simultaneous **serving of strategic objectives, governance consolidation and territorial control**. Large dams on the Yarlung Tsangpo and its tributaries strengthen China's upstream leverage and reinforce administrative presence in remote border regions. These projects **blur the distinction between development and strategic assertion**, embedding sovereignty claims into physical infrastructure.

For India, such hydropower expansion heightens concerns about **downstream vulnerability, ecological disruption and crisis-time coercion** The sudden "blackening"[11] of Siang waters in Arunachal Pradesh in 2017, linked to upstream tunnelling and construction activity, fore-

shadowed the kind of ecological shocks that militarised hydropower expansion could exacerbate. Meanwhile, climate-induced shifts have already **reduced summer precipitation** in key Himalayan areas, creating an average glacier mass deficit of 11% between 2007 and 2016,[12] rising to more than 22% in parts of the Himalayas. Such rapid acceleration in ice loss exposes Himalayan communities to new risks[13] – flash floods, glacial lake outburst events, soil erosion and unpredictable agricultural cycles – which transform water scarcity into a non-traditional security concern.

China's **evolving hydropower strategy** across the Himalayan arc adds an additional layer of geopolitical complexity to India–China competition. Beijing's construction of large dams on the Yarlung Tsangpo[14] (Brahmaputra) and its tributaries, including the Lalho project and the proposed 60-GW mega-dam at the Great Bend, represents both a domestic resource initiative and a political instrument. The recent announcement of China's "project of the century"[15] in the form of Medog County dam has shifted attention to the issue of **China's hydropower hegemony** in the region. Hydropower development consolidates governance in Tibet, strengthens the CCP's ability to control border populations and entrenches state presence in remote valleys that India cannot easily match. This infrastructural footprint reinforces China's claim-making practices, since dams, tunnelling roads, water stations and border villages[16] create ***de facto* administrative jurisdictions** that expand the cartographic reach of the state. While framed as development, these projects shift the strategic balance in the Himalayas: the capacity to modulate flows, generate power and store water also enhances crisis bargaining potential in a landscape defined by dispute, mistrust and limited verification mechanisms.

India's counter-position has increasingly relied on its own hydropower infrastructure – from Arunachal Pradesh to Upper Siang – reflecting the belief that domestic storage capacity and power generation **can offset upstream vulnerabilities and avoid permanent dependence** on Chinese water data. However, this infrastructure-led security logic has also trickle-down effects, leading Nepal, Pakistan and Bangladesh to perceive Indian dams through the same coercive lens, thereby contributing to a **regional cycle of mutual suspicion** and defensive construction strategies.

THE FRONTIER AS SYSTEMIC DETERMINANT

The contemporary Himalayan frontier reflects not only a convergence of long-standing civilizational anxieties and immediate geopolitical pressures, but also a **growing mirroring of state practices** on both sides of the border. What was once an asymmetrical contest marked by China's infrastructural and administrative dominance over the Tibetan plateau and India's relative restraint has evolved into a **competitive process of territorial consolidation through development**. The interaction of unresolved historical legacies with modern drivers – such as infrastructure expansion, climate stress and regime legitimacy – now places the original Himalayan status quo under sustained strain.

China's construction of *Xiaokang*[17] (moderately prosperous) border villages across Tibet exemplifies this shift. Officially framed as poverty alleviation and ethnic integration, these settlements serve a dual purpose: **embedding civilian presence in contested zones while strength-**

ening administrative control and logistical depth. The villages function as instruments of territorial normalization, translating sovereignty claims into lived, everyday governance. Importantly, they also generate strategic signalling effects. India's subsequent emphasis on border-area development has been visible via **the expansion of road networks, village connectivity and civilian infrastructure** under initiatives such as the Bharatmala project.[18] It reflects a growing recognition that territorial control in the Himalayas is increasingly exercised through developmental presence rather than military occupation alone. While New Delhi continues to frame these efforts as a long-overdue correction and defensive necessity, the broader consequence has been a gradual convergence in how both states operationalize development as strategy.

This convergence is reinforced by regime narratives that increasingly securitize infrastructure, ecology and livelihoods. In China, the Himalayan frontier is discursively **tied to national rejuvenation, ethnic stability and frontier consolidation**, rendering any perceived challenge – whether Indian road construction or hydropower planning – politically sensitive and strategically suspicious. In India, the Himalayas are framed **as spaces of strategic neglect reclaimed through connectivity, mobility and resilience**, with border development recast as a sovereign imperative rather than an escalatory act. These narratives do not merely justify policy; they actively reshape threat perceptions, narrowing the space for compromise by embedding infrastructure and civilian settlement within nationalist frameworks.

The danger lies precisely in this narrative-driven infrastructural competition. Development without demarcation, hydropolitics without institutionalised basin-wide governance and climate adaptation filtered through sovereignty **claims risk transforming the Himalayas into a permanent zone of managed instability**.[19] As both states increasingly view civilian infrastructure, villages and ecological interventions as extensions of strategic posture, the **distinction between stabilizing development and territorial assertion becomes blurred**. Without institutionalised mechanisms capable of addressing both historical sensitivities and contemporary practices, the Himalayan frontier will continue to **function as a systemic amplifier of mistrust**.

The erosion of the Himalayan status quo, therefore, is not simply about rising military tensions. It reflects a **deeper transformation in how territory is claimed, governed and legitimised**. The Himalayas are no longer a passive backdrop to India-China relations; they are an active arena where competing visions of statehood, development and order are materialising on the ground. As such, the frontier has become the continental anchor of the evolving Indo-Pacific security landscape – and the first test of whether Asia's great powers **can reconcile development-driven sovereignty** with long-term regional stability.

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BANGLADESH ELECTIONS: A POST-HASINA FUTURE?

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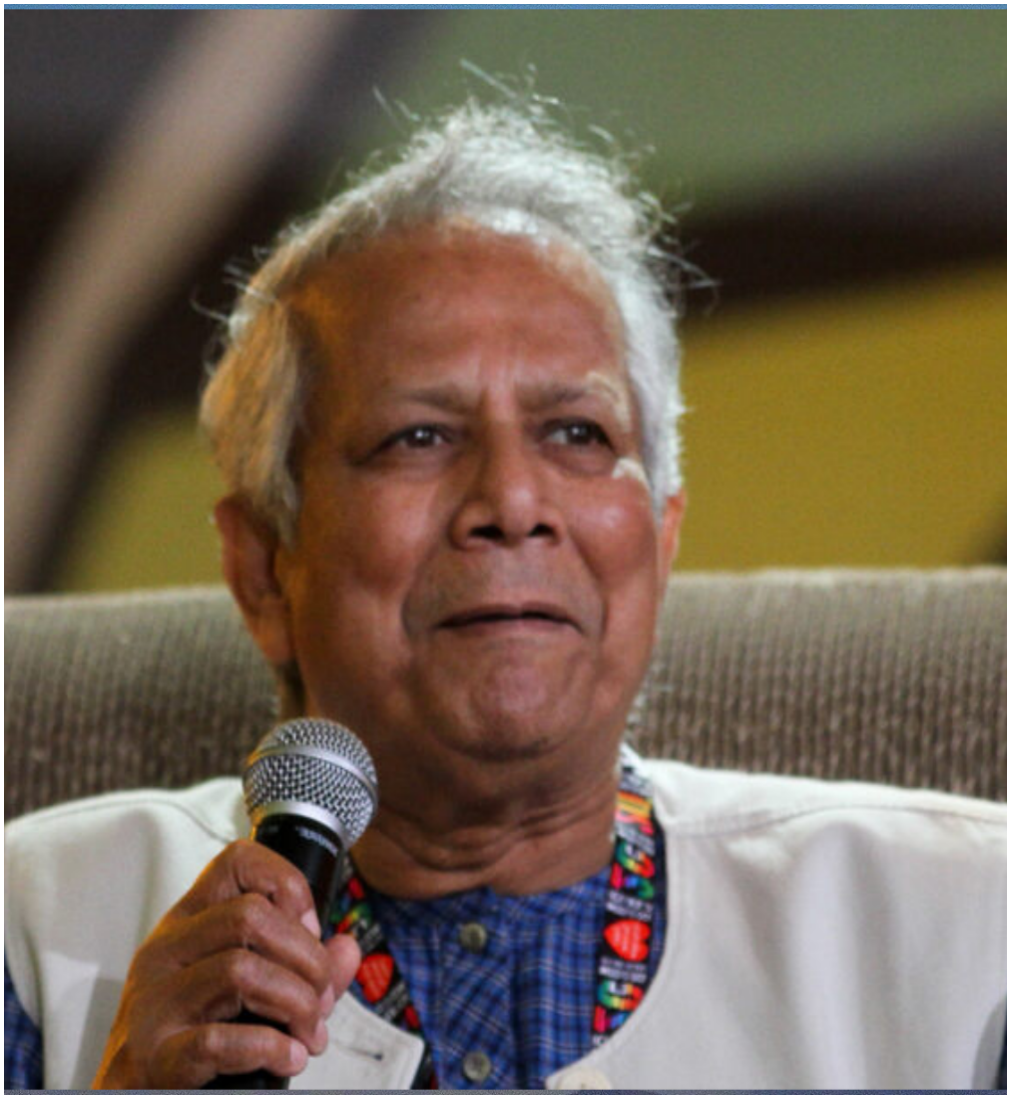
More than one year later, the interim government in Dhaka is ready to make room for the winner of the next elections, scheduled for February 2026. The outcome will not only determine the economic future of the country, but it could also influence its regional geopolitical alignment.

The ousting of former Prime Minister **Sheikh Hasina** in August 2024, now convicted for five charges of crimes against humanity and sentenced to the death penalty, has marked a **game-changing moment** for both Bangladesh's domestic politics and the regional dynamics of South Asia. The scars of the late-Hasina age exacerbated a crisis derived from economic difficulties, a mounting level of social and political conflict and the consequences of regional tensions,[1] such as increased religious nationalism in India and the fallout of the Rohingya crisis at the border with Myanmar.[2] The leadership that will emerge from the **elections in February 2026**,



announced in early August by the interim government led by Chief Adviser **Muhammad Yunus**,[3] will have the task to strengthen national economy, ease a tough domestic security problem and define a foreign policy line to solve tensions with India and find a balance between investment and trade relations with New Delhi and Beijing.

THE TRIAL AGAINST HASINA AND THE ICT SENTENCE OF NOVEMBER

On 17 November, the International Crimes Tribunal of Bangladesh (ICT) issued a death sentence for former PM Sheikh Hasina and former **Home Minister Asaduzzaman Khan Kamal**, while former **Inspector General of Police Chowdhury Abdullah Al-Mamun**, who pleaded guilty and gave a confessional statement, was sentenced to five years in prison. The five charges that the three were accused of regarded "Incitement leading to **widespread and systematic attack** on student protesters", as well as "incitement, conspiracy, planning, and order killing" of civilians, including the use of "lethal weapon, drones and helicopters". The in-absentia ruling – which raised some concerns over fairness of proceeding[4] – can still be appealed in the Supreme Court, but it appears unlikely that the interim government will secure the extradition of Sheikh Hasina, who has been sheltered in India since August 2024. Disorders and episodes of violence carried out by all factions – both supporters of last years' protests and of the Awami League, Hasina's party – took place before and after the ICT announcement. Sajeeb Wazed, son and adviser of Hasina, stated they will not appeal the ruling "unless a democratically elected government assumed office […] with the Awami League's participation";[5] the party was banned from all activities under Anti-Terrorism Law and is thus forbidden to run in February 2026.[6]

TOWARDS THE ELECTION: MANAGING THE LEGACY OF THE AWAMI LEAGUE

The situation inherited by Yunus was all but a simple one. **Security was a major problem** in the country since Hasina fled: numerous places and commercial establishments connected to the Awami League were set on fire following the event, and a wave of **political violence** against bureaucrats,[7] law enforcement officials and other supporters of the former leader's party spread throughout the country. Retaliatory actions against the police were particularly violent, as they were deemed responsible for the over 1400 civilian casualties of the August uprising, and little was achieved by a newly appointed Police Reform Commission in October to repristinate trust in the police force and reduce violence.[8] On the economic front, **growth is slowing** to a +3.69% in 2025[9] (-0.5% from 2024) and the government is considering to diversify the basket of exports,[10] as regional competition with Southeast Asian countries in the textile and garments sector is becoming an increasingly warning problem for Bangladesh. The transitional administration also inherited the **management of an IMF loan** requested in January 2023 by Hasina, who had obtained a total of about US$4.8 billion in an attempt to limit the soaring inflation and boost foreign exchange reserves.[11] The loan agreement was recently extended by another six months[12] (the delivery is now expected to go on until the end of 2026) and topped up with an additional US$800 million, bringing the **total amount to over US$5.5 billion**, of which **US$3.6 billion have already been delivered**.

In the complexity of this situation, the main task of Yunus' caretaker government was to lead the country to new democratic elections. The Chief Adviser, heavily criticised for the long time waited before announcing elections – resulting in the break-out of popular protests in May –, issued a **National Charter** in July, containing amendments to the country's Constitution, which will be voted in a referendum on the same day of the 2026 general elections. Signed by the major political parties,[13] the Charter includes a list of 84 proposals to strengthen the democratic architecture of the country, addressing scrutiny over illicit party financing, lack of transparency and accountability during elections, procurement of materials for the vote and the enforcing order and security during the ballot operations. International observers witnessed **slow but steady progress** in these realms: an assessment mission by the International Republican Institute[14] found that, overall, the election preparation process "reflect significant logistical and administrative efforts", but also present "unresolved legal, security, and procedural challenges". The Bangladesh Nationalist Party (BNP) – the Awami League's main opposition and the major political pole running for the February vote – tried to capitalize on popular dissatisfaction and broaden support. The Acting Chair of the BNP Tarique Rahman – in exile in London since 2009, as he was facing criminal charges from which he was acquitted last May[15] – has centred his party's campaign on creating a "public-welfare government of national consensus" and he has met Yunus in London to discuss the February elections and the possible timeline towards the ballot.[16] As party leader, he is considered the most likely candidate to guide the government in case the BNP wins the elections in 2026 and he stated he is ready to return to the country for the vote.[17] Among the other factions running are the conservative Bangladesh Jatiya Party, the Islamist party Jamaat-e-Islami and **new political realities with young leaderships,** born as a result of the 2024 protests, such as the Jatiya Nagorik Party (**National Citizen's Party**), the first student-led party in the country.[18]

BANGLADESH IN REGIONAL POLITICS: RELATIONS WITH INDIA AND CHINA

The regional partner that suffered the most from Dhaka's regime change is India: Modi's **initial downplaying** of the leadership transition and **late diplomatic acknowledgement** led to temporary alienation of what had been a good ally – granting economic and logistic favours in exchange for political support – under the Awami League. Modi and Yunus first spoke on the phone only on 16 August 2024[19] – one week after the interim government took office – in a call largely aimed at reassuring the Indian PM about the **situation of the Hindu minority**, which had been targeted by episodes of violence after Hasina fled, but whose situation was found to have been overstated by the media.[20] As of May 2025, the situation with New Delhi was one of "mutual suspicion, strategic manoeuvring and a dangerous blame game",[21] a profound shift from the once close, personal relations of Hasina with the South Asian giant. In the eyes of Bangladeshi public opinion, **India's missteps** were at least three: hosting former PM when she fled the country in the summer of 2024; the long-lasting trend of increased Hindu nationalism promoted under the Modi administrations; and, finally, the support of the former authoritarian regime and lack of recognition of

the democratic transition moved by popular will. In addition, the political élite criticised New Delhi for failing to address common economic issues with Dhaka – such as the management of waters of the Teesta River on the shared border – while prioritising energy security and resource hedging linked to China and Pakistan. Initially, the situation led to a further distancing between India and Bangladesh, with New Delhi blaming the interim government for being swayed by the promises of economic cooperation made by Pakistan and China. However, Yunus could not afford to lose India, as much as Modi could not allow the alienation of Dhaka to go any further: Bangladesh has the potential to be a **key connectivity hub** for the subcontinent, and Dhaka is heavily reliant on imports from New Delhi,[22] particularly of agricultural produce, steel, fuels and raw materials for the textile and garments sector, which, in turn, is the first source of export for Bangladesh.

However, it is also relevant to notice how, since the interim government took over, Islamist political forces, led by the Jamaat-e-Islami party, have gained more momentum. This is a reason of great concern not only for India – which witnessed **an increase in cross-border terrorism** and anti-India activity[23] – but also for religious minorities in the country. Over the region, the Yunus administration is accused of opening to the Islamist party in order to reach broader consensus, while the political rejection of Hasina and her Awami League[24] – widely seen as fundamentally intertwined with the Indian establishment – has also contributed to this **rise of the Islamist movement**. Since Hasina left, some key Islamist representatives were released from prison, and their group's actions have turned more assertive, demanding restrictions on activities considered "anti-Islamic",[25] including "music and theatre festivals, women's football matches, and kite-flying celebrations".

The other political and economic ally in play is the People's Republic of China. The necessity to both **enhance investment attractiveness** and **detach from Hasina's foreign policy line** drove the Yunus government to revive the partnership with China. Bangladesh is already the second recipient of Chinese loans under the Belt and Road Initiative – mainly concentrated in transport and energy infrastructure – and it attracts Beijing's investments not only in the traditional sectors of textile and telecommunication, but also in solar energy and the *blue economy*. After a stalemate and some growing tensions between Dhaka and Beijing in the years that followed Covid-19 pandemic, Yunus met Xi Jinping on 28 March, celebrating the 50th anniversary of the bilateral relations.[26] There, the two reinstated mutual political support, agreed to boost people-to-people exchanges and signing deals for over US$2 billion of Chinese loans and investments into Bangladesh. Among these economic deals, the two most relevant ones are the for the revival of the **Chinese Economic and Industrial Zone (CEIZ)** project in Chattogram[27] – an industrial hub worth over US$1 billion of investments, which has already seen about 200 Chinese companies willing to participate – and the "**Teesta River Comprehensive Management and Restoration Project**" (TRCMRP) – an investment that Hasina had originally granted to India, aimed at restoring the water system on the Bangladeshi side of the river to facilitate navigation and increase water availability.[28]

CONCLUSIONS

It is hard to predict what the outcome of the February 2026 elections will produce on the domestic front: the challenge of emerging from years of **distrust and accuses of corruption** against government institutions and the bureaucratic élite is likely to take long to overcome, and the new leadership will have to find a way to strengthen democratic accountability and leave the latest rounds of elections in the past. From an international perspective, the country's **geostrategic location** and its **thirst for infrastructure and investments** will keep it at the centre of geopolitical rivalry among regional powers, a position it could surely leverage to promote development and enhance its economic situation, bearing in mind the need to hedge from political dependency, as the scars of the Awami League will remain vivid in peoples' minds. Economic growth is likely to remain the main driver in the near future's external relations: **the furthering from India should be considered contextual** to the consequences of last year's uprising **rather than structural**, while the boost in relations with **China** is more of a **hedging strategy** and could constitute a useful leverage for Dhaka *vis-à-vis* New Delhi.

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REFORM, RECOVERY AND RIVALRY: SRI LANKA'S NARROW PATH FORWARD

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As Sri Lanka emerges from economic collapse, climate disaster and anti-corruption reforms are reshaping its recovery and its place in the Indian Ocean order.

As 2026 begins, Sri Lanka stands at a pivotal moment, trying to consolidate a fragile economic recovery, rebuild public trust through political reform and navigate intensifying strategic competition in the Indian Ocean. This struggle was sharpened by the devastating impact of **Cyclone Ditwa** in late November 2025. Described as the **"largest and most challenging natural disaster"**[1] in Sri Lanka's recent history, the cyclone triggered widespread flooding and landslides, caused hundreds of deaths, displaced over 200,000 people and damaged crit-

ical infrastructure, power grids and telecommunications across central and eastern districts.

This shock arrived at a time when **the poverty rate** was already almost twice as high as pre-2022 crisis levels, and when fiscal space for social protection is constrained by IMF targets. At the same time, the National People's Power (NPP) government has launched the most **assertive anti-corruption drive** in decades, reshaping elite incentives and exposing **institutional weaknesses**. These domestic dynamics unfold within a rapidly shifting regional environment where India and China vie for influence through ports, connectivity, investment and maritime security. Whether Sri Lanka can deliver meaningful reforms and sustain economic momentum while preserving strategic autonomy has become the defining test of its **post-crisis trajectory.**

RECOVERY UNDER CONSTRAINT

Sri Lanka enters 2026 navigating a fragile but **notable economic turnaround** after the economic crisis that hit the country in recent years,[2] and particularly since the sovereign default of 2022. The debt management programme the country stipulated in early 2023 with the International Monetary Fund (IMF) seems to be giving the first results: **GDP rebounded** to 5% in 2024[3] after two years of contraction, **inflation fell into deflation** in early 2025, **private credit expanded** and the government achieved 2.2% primary surplus while **meeting all quantitative targets**.[4] Debt restructuring lowered the debt-to-GDP ratio and foreign reserves recovered to cover nearly four months of imports, boosting Sri Lanka's **credibility with investors** and multilateral partners. However, behind the impressive figures lies a tougher social picture: **poverty remains at 24.5%**,[5] still higher than in 2019, while the issue of **food insecurity** persists. **The mass emigration of skilled professionals** recorded the highest annual departures in 2024,[6] which is straining public services and weakening Sri lanka's human capital.[7] Furthermore, IMF-driven reforms including higher utility costs, broader taxes and subsidy cuts, have added short-term hardship and fuelled political volatility. Finally, structural weaknesses, such as limited export diversification and slow state-owned enterprise reform, **threaten domestic economic sustainability**.

Cyclone Ditwa underscored the core vulnerabilities above: The storm destroyed nearly 1,000 homes, damaged 40,000 more, and cut off over 200 roads, bridges and parts of the power grid, while landslides in central districts caused more than 470 deaths and hundreds missing. As a consequence, **tourism collapsed** during peak season, while **emergency spending** will now be clashing with the strict IMF fiscal targets, forcing **hard choices between stability and social protection**. The consequences of Cyclone Ditwa highlight a key issue: macroeconomic discipline alone cannot secure recovery in a geographical context such as that of a warming Indian Ocean. Weak housing, urban planning and disaster response systems are structural priorities that **demand urgent attention** in order to strengthen economic resilience: without integrating climate into economic planning and governance, Sri Lanka's hard-won gains risk being swept away by the next storm.

REFORM, LEGITIMACY, AND THE POLITICS OF SYSTEM CHANGE

Political reform is the second pillar of Sri Lanka's reset. The election of the NPP marked **a break from the**

old political order, driven by the 2022 Aragalaya movement. Determined to move beyond symbolism, the government launched the most assertive anti-corruption drive in decades: high-profile arrests in 2025 included a former president,[8] ex-ministers and several other senior officials. The Commission to Investigate Allegations of Bribery or Corruption (CIABOC) introduced a **case tracking system**[9] and **strengthened enforcement** under the 2023 Anti-Corruption Act, while **integrity education** is being added to universities to change norms.

These steps challenge entrenched patronage networks and boost public trust. Yet risks remain:[10] critics warn that arrests could appear **politicized**, and slow court processes may **erode confidence**. International reviews highlight gaps such as the **absence of a public ownership registry** and **weak asset declarations**, raising questions about transparency. In meantime, broader reforms have stalled. Constitutional changes and limits on executive power remain frozen, while reconciliation and post-war accountability progress slowly. Public priorities now favour **stability**, clean governance, and economic relief over abstract constitutional change. If economic pressures persist or anti-corruption momentum fades, the NPP's political capital **could weaken quickly**, threatening the credibility needed to sustain recovery and strategic autonomy.

BALANCING INDIA, CHINA AND STRATEGIC AUTONOMY

Sri Lanka's recovery is deeply tied to its strategic location in the Indian Ocean, making it **a focal point of India–China rivalry**. India positions itself as Sri Lanka's closest partner: it provided Colombo with over US$4 billion in credit lines, fuel and humanitarian aid during the 2022 crisis; and it was the first to respond in support of the country when Cyclone Ditwa took place.

Due to New Delhi's sensitivity to Chinese influence on the island, Colombo has pledged not to allow activities that threaten India's security. However, Beijing remains a major player, and bilateral cooperation spans between energy connectivity, port management and maritime security. China is, in fact, the **largest bilateral creditor and investor** in strategic infrastructures, such as the Hambantota Port and Colombo Port City. Although its share of debt fell to 13% post-restructuring, its projects carry geopolitical weight. Beijing's disaster aid, cash, relief supplies and heavy machinery, signalled continued influence during Sri Lanka's vulnerability.

Sri Lanka is recalibrating by diversifying partnerships. A US$2.5 billion refinancing deal with Japan revived stalled projects, while defence cooperation with India, Japan and the U.S. has grown, especially in **maritime domain awareness**. This hedging strategy, economic engagement with China, security alignment with India, and ties to Western institutions, aims to **preserve autonomy**. However, success depends on credible governance and sustained reforms. Investors and partners demand predictability, while India and China expect alignment with their security priorities. If reforms stall or economic pressures force reliance on one patron, Sri Lanka's strategic autonomy could erode quickly.

CONCLUSION: A NARROW BUT NAVIGABLE PATH

Sri Lanka is at a **critical turning point**. The country has stabilized its economy through growth, lower inflation, stronger reserves and debt restructuring, while launching an anti-corruption drive. However,

poverty remains high, reforms are incomplete and political change is uneven. Cyclone Ditwa revealed **how climate shocks can quickly reverse progress**, adding pressure on governance and resilience. Sri Lanka's location offers opportunities as an Indian Ocean hub but also exposes it to India–China rivalry. Sustaining autonomy requires balancing major powers, diversifying partnerships and embedding climate resilience in reforms. Success will define Sri Lanka's sovereignty and stability for decades.

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CHINA'S RISKY BET ON PAKISTAN

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Beijing's heavy Belt and Road investment in Pakistan now faces mounting risks, as political instability and strained ties with Afghanistan complicate China's regional calculus.

China's hopes of asserting its primacy over Afghanistan and Pakistan and creating an economically prosperous and stable region to its west and southwest appear less likely than ever considering recent events. In October **tensions between Pakistan and the Afghan Taliban** culminated with a deadly exchange of missile strikes along their shared border.[1] The pair's once-strong alli-

ance has been on a downward trajectory since the Taliban returned to power in Kabul in September 2021, with Islamabad accusing its neighbours of not doing enough to prevent cross-border terrorism.[2] Nonetheless, the sudden escalation into conflict in October triggered global anxiety. Saudi Arabia, a recent signatory to a mutual-defence pact[3] with Pakistan, welcomed Qatari and Turkish mediation,[4] keen to prevent the agreement from being tested so soon. No other country would have been more concerned, however, than China. Having made a **$62 billion bet on Islamabad** a decade ago,[5] **Beijing is desperate for stability in the region**. However, facing rising domestic militancy and an increasingly hostile neighbourhood,[6] Pakistan's troubles only seem to be growing, much to China's dismay.

CPEC CAUGHT IN THE CROSSFIRE

In recent years, China has intensified efforts to gain leverage in Pakistan through greater economic investment under the purview of the **China-Pakistan Economic Corridor (CPEC)**. The central purpose of CPEC, so far as Beijing is concerned, is to provide China with **access to the Arabian sea**[7] through a network of infrastructure projects, culminating in Gwadar Port in the province of Balochistan. However, CPEC has increasingly functioned as a mechanism through which Beijing applies pressure on Islamabad – from demanding greater security measures to protect Chinese personnel working on projects in the country, to extending loans on terms that have exacerbated Pakistan mounting debt burden. This financial leverage has only grown amid Pakistan's worsening economic crisis, leaving the country **more dependent on Chinese financing** than ever before.[8] Further afield, China has sought to link CPEC to wider regional Belt and Road Initiative (BRI) schemes, including mining ventures and infrastructure plans in neighbouring Afghanistan.[9] To this end, the Taliban's return to power in Kabul was met with optimism in Beijing,[10] offering the Chinese Communist Party (CCP) this much coveted opportunity to extend CPEC into Afghanistan for both **increased connectivity and eventual resource extraction.**

The hope of Islamabad building a robust relationship with Kabul and facilitating investment in the region did not appear misplaced at the time. In the days and weeks that followed the U.S. withdrawal from Afghanistan, then-Pakistani Prime Minister Imran Khan was quick to declare that the **Taliban had broken the "shackles of slavery",**[11] whilst Faiz Hameed, then-head of the country's foremost intelligence service, Inter-Services Intelligence (ISI), was pictured in Kabul helping to ensure a smooth transition to power for the group.[12] No one foresaw how dramatically this long-standing relationship would deteriorate.[13]

The **absence of American troops** in Afghanistan, coupled with the Biden administration's **pivot to the Indo-Pacific**,[14] created space for China to gain a foothold in the region. Despite this, the CCP has so far failed to capitalise on this opening, as efforts to extend CPEC into Afghanistan have repeatedly stalled.[15] Most recently, during a trilateral meeting in August between Afghanistan, Pakistan and China, CPEC was even invoked as a means of **easing tensions and mediating the strained relationship between Kabul and Islamabad**.[16] With the heavily sanctioned Taliban government in power, China had hoped that the prospect of greater investment would persuade Afghanistan to set aside its differences with its neighbours.

However, any optimism was quickly dissipated amid the clashes that occurred between the Taliban and the Pakistani army just two months later.

DOMESTIC TURMOIL UNDERMINES RETURNS ON CHINESE INVESTMENTS

While the Trump Administration has made some efforts to rekindle the U.S.-Pakistan relationship,[17] China remains Pakistan's principal external partner.[18] Even before the economic and political crisis that followed former Prime Minister Imran Khan's ouster in 2022,[19] Islamabad was the third largest recipient of financial aid from Beijing.[20] Since then, the CCP has continued to invest in the country,[21] despite seeing little tangible return. The main cause of China's limited success in yielding benefits from its investments is **domestic unrest**, which **has disrupted CPEC projects and stalled progress** on multiple fronts. In Balochistan, frequent attacks by the Balochistan Liberation Army (BLA) have hindered meaningful development on key CPEC initiatives,[22] in the province, including its flagship project, Gwadar Port. The security situation has become so severe that the inauguration of a CPEC-funded airport in Gwadar in the latter half of 2024 had to be held online,[23] owing to the significant risk facing senior officials had they attended in person.

Aside from the BLA, Pakistan has faced a grave security threat from the Tehreek-e-Taliban Pakistan (TTP), the country's own Taliban offshoot. Much like the BLA's operations in Balochistan, the TTP have posed **a major challenge to Pakistani security forces** and Chinese infrastructure projects in Khyber Pakhtunkhwa.[24] The difference between these attacks and those of the BLA, however, is the cross-border nature of TTP operations. Operating in Pakistan's tribal areas, the TTP have benefitted from the porous border between Afghanistan and Pakistan,[25] fleeing across the boundary after conducting attacks and even collaborating with terrorist groups inside of Afghanistan. The expectation that the Taliban's return in Kabul would change Islamabad's fortunes was quickly proved wrong and has led to the issues that unfolded last October.

IN AFGHAN-PAKISTAN CLASHES, CHINA STANDS TO LOSE

Over four years on from the events of August 2021, the Taliban's return has proven deeply destabilising for both Pakistan and China. TTP **militancy along the border with Afghanistan has not abated** and, in fact, it has intensified. Pakistani generals have admitted that the Taliban simply does not listen when asked to support counter-terrorism operations[26] – a far cry from the client-like relationship the Pakistani military enjoyed during the U.S.-led war on terror. Complicating matters further, Pakistan continues to pressure Afghanistan over its ties to the TTP, even as its own military maintains links to groups such as Jaish-e-Mohammed and Lashkar-e-Taiba. It is not only Pakistani appeals that have gone unheeded. Beijing has also struggled to convince the Taliban to address Islamabad's security concerns,[27] raising **doubts over whether Afghanistan's inclusion in CPEC will ever be plausible**.

Yet, both Pakistan and China know the Afghan Taliban are not solely responsible for the TTP's resurgence. The group has long drawn strength from the **militant infrastructure** that Islamabad itself developed during the Soviet-Afghan war and later repurposed and redirected towards the Kashmir insurgency.[28] Now that

these militants have turned their guns on the Pakistani state, the military reprisals they face only serve to fuel further recruitment and violence. In September, the Pakistani military **was accused of launching air raids that killed civilians** in Khyber Pakhtunkhwa.[29] This sort of heavy-handed response to militancy risks further radicalising local communities, pushing more Pakistanis to take up arms against the state and undoubtedly frustrating a Chinese government that is desperate for stability.

In light of October's border skirmishes, Beijing has once more stepped in to urge restraint,[30] **backing international efforts to broker a ceasefire**. While the prospect of the conflict escalating into a wider regional crisis is troubling, **Beijing's main concern remains financial**. Against this backdrop, the shockwaves from November's blast in Islamabad will have been felt acutely in Beijing.[31] The attack, the first of its kind in the capital for three years, underscored that the TTP is gaining strength, not weakening. If Chinese officials can no longer travel safely to Islamabad, China may be forced to reconsider the extent of its engagement in Pakistan altogether. For the time being, every crisis that Islamabad has to face represents a **threat to the progress of CPEC and undermines China's conspicuous investment**. No matter how relations between Pakistan and Afghanistan evolve in the aftermath of their military exchange and persistent TTP attacks, one reality persists: **so long as Pakistan remains unstable, China stands to lose the most.**

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HIMALAYAN GEOPOLITICS: NEPAL BETWEEN INDIA AND CHINA

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With elections approaching in March 2026, Nepal has become a focal point for India–China competition over political influence and economic leverage.

Nepal holds significant strategic value due to its location between India and China, two Asian giants whose **geopolitical competition is intensifying**. It serves as a Himalayan buffer state, influencing regional security dynamics, border stability and connectivity corridors. For India, Nepal is vital for its northern

security, water resources as well as its historical, cultural and economic ties. For China, Nepal is important for Tibet's security,[1] expanding influence in South Asia and advancing Belt and Road (BRI) connectivity. Nepal's hydropower potential, its role in the Indo-Pacific strategic calculus and its ability to shape regional diplomacy further enhance its geopolitical importance.

CHINA'S SHIFTING POLICY TOWARDS NEPAL

China's policy towards Nepal has evolved significantly over the past two decades. Traditionally, Beijing maintained a pro-establishment, low-profile approach, focused primarily on safeguarding its core interest:[2] preventing Nepal from becoming a base for Tibetan activism. Its engagement remained limited to state-to-state relations, economic assistance and cordial diplomatic ties. Under Xi Jinping, China has adopted a far more proactive, strategic, and multidimensional policy in Nepal.[3] Beijing now views Nepal **no longer merely as a neighbour, but rather as a critical geopolitical partner** in South Asia. Its outreach has expanded beyond government institutions to political parties, security agencies, media, academia and business groups, thereby broadening its influence across Nepal's domestic landscape. The Belt and Road Initiative (BRI) has become a key instrument, with China promoting infrastructure connectivity, energy cooperation and northern trans-Himalayan links that strategically reduce **Nepal's traditional dependence on India.**

China has also increased its role in security cooperation, intelligence sharing and political mediation during Nepal's internal crises. Beijing encourages Kathmandu to uphold the "One China policy"[4] which is elevated recently to "One China Principle" while positioning itself as an alternative development and political partner. This assertive engagement reflects **China's broader ambition to reshape South Asian geopolitics** and challenge India's traditional influence in Nepal.

INDIA–CHINA COMPETITION IN NEPAL

Historically, **India enjoyed unrivalled primacy in Nepal** due to geography, cultural affinity and institutionalised ties, such as the 1950 Treaty of Peace and Friendship. Open borders facilitated the movement of millions of Nepali workers into India, while Nepal's trade depended almost entirely on Indian transit routes. India also played a major role in Nepal's development,[5] financing the construction of the Tribhuvan highway, airport and university, major irrigation projects and cross-border power and water supply systems.

However, **India–China competition in Nepal has intensified in** recent decades, making the Himalayan state a strategic arena for influence between the two Asian powers. India's dominance, especially during politically sensitive moments such as the 1989 trade impasse and the 2015 "unofficial border blockade", produced perceptions within Nepal of Indian interference and overreach.[6] These grievances created political and psychological space for China to expand its role.

Until the early 2000s, China followed a pro-establishment approach in Nepal centred on protecting its Tibet-related security interests; under Xi Jinping, this has shifted toward a more assertive strategy to counter India's dominance. More recently, in fact, Beijing has increasingly regarded Nepal as a **gateway to South Asia, integral to its region-**

al policy.[7] Consequently, China deepened party-to-party engagement, expanded high-level visits, financed mega infrastructure projects and became involved in domestic political negotiations. China's involvement was particularly notable during the 2018 merger of Nepal's major communist parties, where Chinese officials reportedly **encouraged unification** to create a stable, China-friendly political bloc.

Infrastructure and connectivity have become central arenas of competition. China promotes ambitious projects under the BRI, including highways, hydropower plants, and proposals to extend the Qinghai–Tibet Railway to Kathmandu, Pokhara and Lumbini. China also built the Pokhara International Airport and **expanded air connectivity** linking Nepal to Beijing, Shanghai, Lhasa, Guangzhou, Chengdu and other cities. India has responded by accelerating its own connectivity initiatives, such as extending railway links from Raxaul to Kathmandu and improving cross-border railways between Jayanagar–Bardibas, Jogbani–Biratnagar, and Jaynagar–Bardibas. **India continues to dominate road connectivity** and remains essential for Nepal's trade,[8] accounting for 64% of Nepal's total trade compared to China's 13% in the financial year 2022/23. Despite Nepal's 2019 Transit and Transport Agreement with China, which allows the use of seven Chinese ports, difficult Himalayan terrain and logistical costs **limit its practical use**, making India irreplaceable in the short term.

Competition also extends to investment and development cooperation. Chinese companies increasingly win major construction contracts in Nepal,[9] often as the lowest bidders, while India remains one of Nepal's largest development partners. Both countries engage in **cultural diplomacy**: India relies on deep historical, religious and linguistic ties, whereas China promotes its language and culture through Confucius Institutes, China-funded NGOs and media partnerships.

Security cooperation is another domain of rivalry. India maintains deeply institutionalised military ties with Nepal,[10] including the tradition of conferring honorary army chief titles and providing decades of training and equipment support. China, seeking to curb **"anti-China" Tibetan activities,** has sharply increased its security assistance since 2001, including military aid, enhanced surveillance cooperation and joint military exercises such as the "Sagarmatha Friendship" drills in 2017 and 2018 – Nepal's first such exercises with China.

CONCLUSIONS

Nepal's political and economic landscape **remains shaped by persistent instability**, frequent government changes and structural economic challenges. Politically, coalition fragility and shifting alliances undermine policy continuity, affecting governance and long-term planning. Economically, Nepal struggles with low industrial capacity, high dependence on remittances, a widening trade deficit and limited export diversification. Infrastructure gaps, youth out-migration and bureaucratic inefficiencies have **constrained growth and fueled youth discontent**, as expressed through the recent Gen Z movement that overthrew the China-backed Oli-led government.

In this environment, the India–China rivalry exerts significant influence. **India remains Nepal's primary trade partner** and closest political interlocutor, while **China has ex-**

panded its presence through connectivity projects, investments, and strategic outreach. One section of Nepal's political discourse perceives the United States and Western actors as **having played a role in the recent regime change**,[11] allegedly mobilizing support among Generation Z constituencies, particularly in response to former Prime Minister K. P. Oli's closer alignment with China. From this perspective, the **formation of the current government** is viewed as having occurred with Western backing, leading to the assumption that it will avoid deep strategic engagement with Beijing. China, arguably subscribing to this interpretation, has maintained a notably restrained posture since the establishment of the interim government led by Sushila Karki. While the overthrow of the Oli-led communist party may temporarily setback China, it is likely that after upcoming elections, Beijing can maintain influence with the support of left-leaning parties. Nepal navigates this complex rivalry through **strategic hedging**, seeking to maximise economic gains from both neighbours, while emphasising non-alignment and autonomy. Yet, political instability often makes Nepal's **foreign policy inconsistent**, creating openings for India and China to influence domestic politics, development priorities, and strategic decisions. India leverages historical ties, open borders and economic interdependence, whereas China uses infrastructure diplomacy, security engagement, and party-to-party links. The India–China rivalry in Nepal is thus likely to **persist** as a defining feature of South Asian geopolitics. Nepal will continue striving to maintain balance while safeguarding its sovereignty, developmental goals, and strategic space amid competing regional ambitions.

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A WAR BEYOND BORDERS: MYANMAR'S CIVIL WAR AND ITS IMPACT IN SOUTH ASIA

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Myanmar's civil war is no longer a domestic crisis, but a regional shock whose humanitarian, security, and political consequences are reshaping South Asia's borderlands.

Myanmar's civil war, sparked by the 2021 military coup,[1] has not only **reshaped the country's political and humanitarian landscape** but it has also emerged as a destabilizing factor across South Asia. As violence expands, the repercussions extend far beyond Myanmar's borders: large-scale displacement, intensified ethnic tensions and shift-

ing power dynamics across border regions have begun to affect neighboring countries with growing urgency. Bangladesh and India – both sharing long frontiers with Myanmar and hosting communities historically linked to its borderland populations – have become the primary arenas where the **conflict's spillover effects are most visible**. From increased refugee inflows and pressure on humanitarian systems to rising insecurity, cross-border crime and the politicization of ethnic identities, **the crisis in Myanmar is increasingly shaping the stability of the wider region.**

THE ORIGIN AND DEVELOPMENT OF THE CIVIL CONFLICT IN MYANMAR

In February 2021, Myanmar's **military seized control of the country**, overthrowing the government elected in 2020 and led by the National League for Democracy, whose renown political figure was Nobel Peace Prize laureate Aung San Suu Kyi. Initially, some believed that the newly established military government would quickly **suppress protests and restore order**. Instead, the junta's repression – marked by arbitrary arrests and indiscriminate violence – **intensified the conflict**. Since then, **Myanmar has descended into civil war**,[2] causing thousands of deaths and displacing over three million people. Many civilians fled to forests and mountainous areas or joined the armed groups opposing the military, abandoning peaceful protests in favor of armed resistance. The country soon became fragmented into multiple zones controlled by different groups, with large areas slipping almost entirely out of the junta's grasp.

The confrontation on the ground involves three main actors. The conflict was initiated by the military elite grouped under the **State Administration Council (SAC)**, which claimed authority over the country under Senior General Min Aung Hlaing. Although in July 2025 Min Aung Hlaing has delegated state administration to a civilian interim body composed of his loyalists – the National Security and Peace Commission – he remains in charge.[3] Opposing the junta is the **National Unity Government (NUG),** the exiled political body formed by elected representatives from the annulled 2020 polls, largely made up of former NLD parliamentarians. Lastly, opposing the military regime stand the numerous **Ethnic Armed Organizations (EAOs)** operating across Myanmar. These groups, deeply rooted in specific territories, have for decades pursued different degrees of autonomy, **viewing the central state as an external force** incapable of addressing the needs and rights of ethnic minorities. Following the coup, several EAOs began coordinating more closely with the NUG and its armed wing, **the People's Defense Forces (PDFs)**, giving rise to a more structured resistance. Yet, in other areas, EAOs have **maintained independent territorial control and continue to oppose any authority**, military or civilian, that seeks to impose centralized rule. Since late 2023, Myanmar's civil war has been shaped by "Operation 1027", a major offensive launched by the Three Brotherhood Alliance[4] – a coalition of ethnic groups composed of the Arakan Army (AA), the Myanmar National Democratic Alliance Army (MNDAA), and the Ta'ang National Liberation Army (TNLA). Launching their attacks mainly in northern Shan State, the alliance rapidly **captured dozens of military outposts** and border towns, disrupting trade routes with China and causing the junta its most significant

territorial losses. Despite its superior air power and growing reliance on drone strikes, **the junta proved unable to reverse the momentum** on the ground, prompting it to reactivate the dormant People's Military Service Law in February 2024, reinstating measures of mandatory conscription.[5] The announcement caused widespread fear,[6] triggering **a new wave of internal displacement**, and encouraging many young people to flee urban areas or attempt to cross borders to avoid recruitment.

In recent months, however, **the dynamic has shifted slightly**. While the military remains overstretched, it has managed to stabilize some fronts and regain limited territory, benefiting in part from increased diplomatic and logistical support from China,[7] not out of alignment with their ideology but out of a long-held desire to see the conflict stabilized – or at least reach a predictable stalemate in which territorial control no longer shifts rapidly and uncontrollably. Although far from restoring full control, these developments have **slowed the resistance's advances** and injected new uncertainty into the conflict trajectory. Indeed, China remains a key external actor influencing the conflict's trajectory, driven primarily by pragmatic security and economic interests. Beijing has long sought stability along its southern border, where fighting in northern Shan State directly affects cross-border trade, infrastructure, and security. At the same time, China has **major strategic investments in Myanmar**, particularly in the Rakhine State, where projects linked to the China–Myanmar Economic Corridor – including the deep-sea port and gas pipelines of Kyaukphyu – are central to Beijing's efforts to **secure alternative access routes to the Indian Ocean**. To protect these interests, China has maintained solid relations with both the military authorities and several ethnic armed organizations operating along the border; such behavior also reflects Beijing's **long-standing principle of non-interference** and its **reluctance to openly side with any belligerent** in a civil war whose outcome remains uncertain. As previously mentioned, however, China's posture has become more visibly supportive of the junta since the launch of Operation 1027, which proved far more coordinated, effective and ambitious than initially anticipated, thus threatening to disrupt border stability and Chinese commercial interests. Since then, Beijing has intensified diplomatic engagement with Naypyidaw and reportedly provided logistical backing aimed at preventing further territorial losses and restoring a degree of predictability to the conflict.

Worsening this fragile and volatile situation, Myanmar has also been **struck by a severe natural disaster**. On 28 March 2025, a magnitude 7.7 earthquake hit central Myanmar,[8] with the epicenter in the Sagaing region near Mandalay, the country's second-largest city. The quake caused **catastrophic destruction**:[9] entire neighborhoods collapsed, bridges and roads were rendered unusable and airports suffered severe damage. The disaster struck a country already torn by war, and many of the worst-affected areas overlapped with active conflict zones, making relief efforts extremely difficult.[10] Moreover, despite public declaration by the junta of temporary ceasefire, **humanitarian convoys reported that conflicts continued**, also ttargeting humanitarian relief operations.[11] Despite the grim picture, the military regime has announced its intention to **hold national elections at the end of December 2025**.[12] Far from representing a genuine democratic

transition, the vote is designed primarily to project an image of **political normalization** and to give a sense of legitimacy to the military government at home and abroad. In practice, however, conditions render any meaningful electoral process impossible.[13] Large parts of the country remain outside junta control; many areas are **inaccessible even to state authorities**; and millions of potential voters are displaced, living in temporary shelters, or have fled the country. Parties linked to the former civilian leadership have been banned, opposition figures are imprisoned, and basic freedoms – of movement, expression, and assembly – are absent. **The junta's limited territorial grip** is further underscored by a census made at the end of 2024 to compile voting lists. State authorities acknowledged that they were able to conduct a full count in only 145 out of 330 townships, a partial count in 127, and could not obtain data from more than fifty. Moreover, even in areas nominally under military control, pervasive surveillance, coercion and fear would **prevent any genuine expression of political choice**. For these reasons, the 2025 elections are expected to serve merely as a symbolic exercise – one that will almost certainly deliver the victory the junta seeks,[14] reinforcing an appearance of stability and legitimacy without reflecting the true will of Myanmar's population.

THE ROHINGYA AND THE ESCALATING CRISIS ON THE BANGLADESH–MYANMAR BORDER

In addition to the **dramatic humanitarian crisis** within Myanmar, the conflict has continued to produce significant spillover effects across South Asia, particularly in India and Bangladesh. Indeed, one of the most immediate consequences has been the **redirection and intensification of migration flows**, as thousands flee violence and repression. These movements have heightened tensions along Myanmar's borders – especially in regions populated by ethnic minorities – which are **structurally more fragile** due to long-standing poverty, limited state presence, and the persistence of unresolved ethnic grievances. As noted earlier, the current conflict in Myanmar involves a wide array of ethnic actors, several of whom are concentrated in the country's border regions adjacent to India and Bangladesh. These groups – from the Chin and Kachin in the northwest to Arakanese forces in Rakhine – shape the dynamics of governance and displacement along the border. Their military gains, or losses, directly affect neighboring states, making the borderlands one of the **most sensitive interfaces** between Myanmar's internal war and the regional environment. According to UNHCR estimates, more than 1.5 million people from Myanmar are currently refugees or asylum seekers in third countries. The vast majority are located in Bangladesh (over 73%), followed by Malaysia, Thailand and India (5.4%). Of this total, more than 275,000 have abondend Myanmar since the February 2021 coup: most of them have moved to Bangladesh (49%) and India (22%), **reshaping regional migration patterns and placing additional pressure on host countries' capacities.**

Following the coup, the Arakan Army (AA) **has expanded its control along the Myanmar–Bangladesh border**. A major turning point occurred in late 2024, when the AA captured Maungdaw township, thus seizing full control of the 271-kilometer border with Bangladesh.[15] This military advance triggered fresh refugee flows as well as se-

curity incidents and spillovers into Bangladesh: border-guards from Myanmar reportedly sought refuge in Bangladesh during clashes, and there were **documented shootings and landmine explosions** affecting Bangladeshi territory and civilians.[16] Beyond the Arakan Army's expanding control of the border, another key factor shaping dynamics with Bangladesh is **the movement of Rohingya communities across the frontier**.[17] The Rohingya are a Muslim minority that the Myanmar state does not formally recognize, despite their centuries-long presence in Rakhine State and their deep historical roots in the region. They have been primarily concentrated along the border with Bangladesh, in Rakhine, one of Myanmar's poorest and most neglected regions, where the authority of **the central state has long been weak** and where the Arakan ethnic group exercises extensive territorial control.

As a result, the Rohingya have been systematically marginalized for decades and **subjected to episodes of discrimination and violence**. The most infamous episode occurred in 2017,[18] when Myanmar's military, under a civilian government led by the National League for Democracy (NLD), launched a large-scale crackdown in Rakhine State. The campaign, described by many state and international actors as a genocide,[19] resulted in the **killing of thousands and forced more than 700,000 Rohingya to flee to Bangladesh almost overnight**. Even before 2017, cross-border movements into Bangladesh were significant, as periodic waves of violence, restrictive citizenship laws and economic deprivation pre-existed against the Muslim minority. The ongoing civil conflict in Myanmar has **further intensified these migration flows**, complicating prospects for repatriation and deepening the humanitarian crisis at the border. Thus, as of 2025, **over one million Rohingya remain in Bangladesh**,[20] most of them living in overcrowded camps in the southeast of the country. Since early 2024, an additional 150,000 Rohingya people have fled violence and abuses in Myanmar and despite multiple rounds of negotiations,[21] **prospects for repatriation remain remote**. Guarantees for the safety and well-being of returnees are still lacking, as fundamental conditions – including full citizenship, security, and dignity – are far from being ensured.

THE IMPACT OF THE CONFLICT ON THE INDIA-MYANMAR BORDER REGIONS

The conflict in Myanmar has also fueled ethnic tensions in India's northeastern states. **India shares a 1,643-kilometre border with Myanmar**, running across the states of Arunachal Pradesh, Nagaland, Manipur, and Mizoram. The border, drawn during British colonial rule, cuts through areas inhabited by closely related ethnic communities. As a result, populations living on either side of the frontier often belong to the same ethnic groups – such as Nagas, Kukis, Chins, and Mizos – and have long maintained social, cultural and familial ties despite the border. To accommodate these cross-border connections, in the '70s India chose to adopt the ***Free Movement Regime*** **(FMR)**,[22] which allows residents of designated border areas unrestricted movement within 16 km across the boundary without a passport or visa. Border management in these regions has focused less on territorial control and more on preventing ethnic tensions and curbing illicit trade, while still allowing local communities to maintain mobility.

However, the situation changed after the outbreak of Myanmar's civil conflict in February 2021. Many of the areas most affected by fighting are located in Myanmar's northern and western regions – including Chin, and parts of Kachin and Shan – where powerful ethnic armed organizations have been among **the strongest opponents of the military regime**. Initially, there appeared to be an informal understanding between Indian border authorities and Myanmar's ethnic armed actors to avoid interference with each other's activities, allowing for a degree of stability along the frontier. As the conflict escalated, however, **growing numbers of Myanmar civilians began fleeing into India**, particularly into Mizoram and Manipur, seeking refuge from violence and military repression. At the same time, Indian authorities reported an increase in cross-border smuggling[23] and other contraband, which they partly attributed to the destabilizing effects of the immigration from Myanmar.[24]

Among India's northeastern states, Manipur has been particularly affected.[25] Since 2023, the state has grappled with **a severe internal conflict** between the Meitei community and Kuki-Zo tribal groups concentrated in the surrounding hill districts. Indian officials have repeatedly claimed – though the extent of this remains debated – that the arrival of refugees from the Kuki-Chin community in Myanmar has **aggravated existing tensions** by altering local demographics, increasing competition over land and resources, and enabling the movement of armed groups linked to cross-border ethnic linkages. These pressures have prompted New Delhi to reconsider the terms of its foreing policy towards Myanmar.[26] The central government has at times **announced plans to suspend the FMR**, restrict its application to specific stretches of the border and even explore the construction of a physical barrier along portions of the India–Myanmar frontier. Such measures, however, risk imposing a rigid territorial separation on communities that do not perceive themselves as divided by state boundaries, but rather united through longstanding ethnic and familial bonds.

CONCLUSIONS

Taken together, Myanmar's civil war and its spillover effects illustrate **how internal conflicts can quickly evolve into regional crises with profound humanitarian and security implications**. For South Asia, the instability generated by displacement and shifting territorial control has strained border management systems and exacerbated pre-existing ethnic tensions. As long as Myanmar remains fragmented and the parties involved in the civil conflict seek to impose their rule through force and symbolic gestures of legitimacy, the region will continue to face recurring waves of insecurity. The coming months – marked by the prospect of orchestrated elections, unpredictable battlefield dynamics and the influence of external actors such as China – are likely to determine whether the conflict **moves toward further escalation or settles into a protracted stalemate**. What is clear, however, is that Myanmar's crisis has already impacted South Asia and its reverberations will continue to challenge the region's stability for years to come.

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INFLUENCE THROUGH DEVELOPMENT: JAPAN'S STRATEGIC INITIATIVES WITH SOUTH ASIA

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South Asia has been one of the largest destinations of Japan's Official Development Assistance (ODA) over the decades with India and Bangladesh being the top 2 recipient countries in 2023.

The main focus of Japan's ODA in India and Bangladesh has been on **infrastructure and connectivity projects**, including[1] metro networks in Delhi, Dhaka and other Indian cities, the Delhi-Mumbai Industrial Corridor (DMIC) and India's Dedicated Freight Corridor (DFC). Tokyo's involvement in the subcontinent's connectivity gained further

momentum when, during the annual bilateral summit of New Delhi in December 2015, Japan agreed to provide India with its *Shinkansen* (bullet train) system for the **country's first-ever high-speed rail line** connecting Mumbai in Maharashtra and Ahmedabad in Gujarat. Despite the delays encountered in construction works and procurement phases, the leaders of both countries reaffirmed their **commitment to the project** when they met in late August 2025. This project has particular significance for Japan, which has long emphasized "exporting infrastructure system" as one of the **pillars for its economic growth** during the Shinzo Abe administration and *Shinkansen* was regarded as a key.

The agreement was also relevant to Japanese export of high-speed railway technology, as Tokyo had recently **lost a bid to China** for the contract[2] of a high-speed railway in Indonesia in September 2015, which had marked a surprise setback since the Shinkansen was regarded as technologically superior and more efficient. Alarmed by this unexpected result, Tokyo worked very hard to **secure an agreement with India** on what could become the second overseas high-speed rail based on Japanese system after Taiwan's case, which is operational since 2007.

Tokyo has also worked closely with its counterparts in New Delhi on **the development of Northeast India**. The region, once seen as a remote frontier, has gained a new status as a gateway to Southeast Asia under the Narendra Modi government's **"Act East" policy** initiated in 2014. An issue at stake is its geography: Northeast India, comprising of eight rather small states with difficult terrain, is landlocked and borders with China in the north, Myanmar in the East and Bangladesh in the South and West. On its part, Japan has also been keen to connect South and Southeast Asia in its effort to realize a **"Free and Open-Indo Pacific (FOIP),"** an initiative[3] not only connecting the two seas but also strengthening ties with countries in the region through various **development projects** aimed at enhancing connectivity. It is against this backdrop that Prime Minister Fumio Kishida proposed the "Bay of Bengal and Northeast India Industrial Corridor," an initiative that would provide Northeastern Indian states – but also Nepal and Bhutan – with an **access to the sea** through a number of infrastructure projects. An example is the development[4] of **Matarbari, a deep-sea port in Bangladesh**, unveiled by Kishida during a visit to India in March 2024 as part of what he termed "Japan's New Plan" for the FOIP. However, some significant **restraints due to regional affairs** persist. Japan did not show eagerness to work with Myanmar since the military junta took power in February 2021, thereby making it difficult to get itself involved in connecting South and Southeast Asia via an overland route. Bangladesh's political change in July-August 2024, that resulted in the ousting of Prime Minister Sheikh Hasina, changed its relations with India. How Japan and India will work on these puzzles will affect the future course of the FOIP, Act East Policy, and the **larger and deeper cooperation in the region.**

Another significant and most recent initiative that deserves attention is **"Indian Ocean and Africa Economic Zone Initiative,"** unveiled by Prime Minister Shigeru Ishiba at the Tokyo International Conference on African Development (TICAD) 9 on 20th August 2025.[5] While resembling "Asia-Africa Growth Corridor (AAGC)", the initiative for the African continent is regarded as a part of the FOIP and aimed at **building**

stronger ties with Africa, the Middle East, South Asia and Southeast Asia through enhanced trade and investment as well as improved connectivity in the broader region.

CONCLUSIONS

While it has not been elaborated that how Sanae Takaichi, Japan's new Prime Minister who took office in late October 2025, will build ties with India, it is expected that she will inherit the direction Shinzo Abe showed during his premiership. How she will take forward infrastructure and connectivity projects in India and Bangladesh will surely bring about a considerable effect and play a significant part in shaping Tokyo's approach toward the region and beyond.

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BETWEEN BRUSSELS AND BEIJING: SOUTH ASIA IN EUROPE'S INDO-PACIFIC CALCULUS

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Through the framework of its Global Gateway, the EU aims to engage with South Asia in a more transparent and sustainable way, promoting a new model of investment in the region's connectivity that does not foster imbalances, but rather creates meaningful partnerships.

The European Union's Indo-Pacific turn reflects a belated but consequential recognition that global economic gravity and strategic competition are **shifting decisively eastward**. While Europe's 2021 Indo-Pacific strategy emphasizes sustainability, digital governance, resilient supply chains and mari-

time cooperation, its success will be judged not in abstract commitments, but in contested spaces **where influence is actively negotiated**. South Asia – linked intimately to the Bay of Bengal and the wider Indian Ocean Region (IOR) – is one such arena.

South Asia sits astride some of the world's most critical sea lanes, connecting Europe to East Asia through the Indian Ocean. In particular, **the Bay of Bengal** has re-emerged as a hub of trade, energy flows, port development and undersea digital infrastructure. At the same time, **China's expansive connectivity footprint**, anchored in ports, logistic corridors and maritime infrastructure across the IOR, has altered the regional balance. Against this backdrop, the EU's Global Gateway intends to offer a **different connectivity model** – transparent, sustainable and partnership-driven. Yet, a fundamental dilemma persists: can Europe translate its normative and economic strengths into strategic relevance in South Asia's maritime and connectivity landscape? And can the EU shape outcomes in the Indian Ocean without matching China's scale or speed?

SOUTH ASIA AND THE BAY OF BENGAL IN EUROPE'S INDO-PACIFIC VISION

South Asia's growing importance in EU strategy stems from its **maritime geography and economic potential** rather than traditional security alliances. The Bay of Bengal connects South Asia with Southeast Asia and the wider Indo-Pacific, making it **a critical junction for global trade**, energy shipments and digital cables. Disruptions here would directly affect European supply chains, reinforcing the EU's interest in maritime stability and diversified connectivity routes. From Europe's perspective, South Asia offers *three* strategic advantages. First, it provides access to **alternative manufacturing and logistics hubs** as the EU pursues a "China-plus-one" diversification strategy. Second, South Asian littoral states are increasingly central to **Indian Ocean governance, maritime domain awareness, and blue economy initiatives** – areas where Europe has technical expertise but limited presence. Third, South Asia's rapid infrastructure demand creates openings for EU-backed investments aligned with sustainability and climate resilience. Unlike East Asia, where the EU must navigate **entrenched alliances and intense great-power rivalry**, South Asia presents a more fluid environment. Here, Europe can position itself as a stabilising economic partner rather than a security actor. The Bay of Bengal thus becomes not only a maritime space but a strategic bridge through which Europe can embed itself into Indo-Pacific supply chains and governance frameworks.

Connectivity is the primary terrain on which Europe and China intersect in South Asia and the IOR. China's investments in ports, logistics zones and maritime infrastructure across the Indian Ocean have redefined regional trade flows. These projects often promise rapid delivery and scale, appealing to governments seeking **immediate economic dividends**. The EU's approach to connectivity differs in both intent and method. Rather than focusing on headline mega-projects, Europe emphasises **corridor-based connectivity** – linking ports, railways, digital networks and energy grids into integrated systems. In the Bay of Bengal region, this translates into interest in port modernisation, green shipping, digital connectivity and resilient coastal infrastructure.

However, the EU's challenge is visibility: while European investments are often technically sound and fi-

nancially prudent, they struggle to compete with China's **speed and political signaling**. For South Asian states, connectivity decisions are not purely economic: they are strategic hedges. As a result, Europe must demonstrate that its model can deliver **tangible outcomes within political timelines.** The Indian Ocean also adds a maritime dimension that the EU cannot ignore. Secure sea lanes, port resilience and maritime governance are increasingly linked to connectivity strategies. Without framing Global Gateway projects within a coherent Indian Ocean vision, Europe risks being perceived as a **peripheral economic actor rather than a strategic stakeholder**.

GLOBAL GATEWAY AND EUROPE'S INDIA-CENTRIC APPROACH

India occupies a pivotal position in Europe's South Asia strategy and Indo-Pacific ambitions. As a leading Indian Ocean power with growing economic weight, India offers Europe a partner through which it can **scale its regional engagement**. The Bay of Bengal, in this context, serves as a shared maritime and economic space connecting South Asia to Southeast Asia and beyond. Under the Global Gateway framework, India is not merely a recipient of investment but a co-shaper of connectivity. Initiatives focused on green ports, renewable energy, digital public infrastructure and resilient supply chains align closely with India's own **regional outreach** in the Bay of Bengal and the IOR. This convergence allows Europe to embed itself into regional corridors without directly competing head-on with China.

Trade negotiations and regulatory cooperation further reinforce this partnership. While differences remain – particularly on carbon-related trade measures and market access – **the broader strategic logic is clear**. Notably, the long-negotiated EU-India Free Trade Agreement is now approaching its final stage, with both sides coming to a political readiness to conclude and sign the deal in the near term, potentially marking **one of the EU's most consequential trade agreements in the Indo-Pacific**. Once concluded, the FTA would significantly deepen market access, anchor supply-chain diversification and lend strong institutional backing to the EU's Global Gateway ambitions in South Asia and the Indian Ocean Region. For Europe, India provides scale and strategic depth; for India, Europe offers technology, capital and normative legitimacy. Yet, **the partnership must extend beyond bilateralism.** If the EU–India connectivity agenda remains inward-looking, it risks missing the wider South Asian and Indian Ocean context. Integrating Bay of Bengal states into EU-India-led initiatives would enhance regional ownership and amplify Europe's influence.

THE FUTURE OF EUROPE'S SOUTH ASIA OUTREACH

Europe's future role in South Asia will depend less on lofty declarations and **more on concrete delivery.** The Global Gateway's promise of large-scale financing is significant, but its effectiveness will hinge on prioritisation and coordination. In the Bay of Bengal and the IOR, this means focusing on **projects that combine economic value with strategic relevance** – ports, maritime logistics, digital cables and climate-resilient coastal infrastructure. At the same time, **Europe must reconcile ambition with capability**. Unlike China, the EU does not operate as a unitary strategic actor. Internal divisions, funding constraints and bureaucratic processes **slow decision-making.** Moreover, Europe's **limited hard-power presence** in

the Indian Ocean places greater pressure on its economic and regulatory tools to carry strategic weight.

The absence of strong and consistent **US backing** further complicates Europe's outreach. While the EU does not seek a military role in the region, strategic relevance increasingly requires engagement with maritime security, crisis response, and regional governance mechanisms. Partnerships – particularly with India and like-minded regional actors – will therefore be essential. Ultimately, South Asia and the Bay of Bengal represent a **litmus test for Europe's Indo-Pacific aspirations.** If the EU can translate the Global Gateway into visible, regionally embedded outcomes, it can emerge as a credible third force in the connectivity competition between Brussels and Beijing. If not, its role may remain supportive but secondary. South Asia's strategic geography makes it **impossible to ignore**. For Europe, the choice is not whether to engage, but how decisively and coherently it can do so. In an Indo-Pacific shaped by maritime competition and corridor diplomacy, Europe's relevance will be measured **not by intent, but by impact.**