

By Invitation

Inflexion point in South Asia

The internal churn in Sri Lanka and Pakistan is not just about their economic and political future but has regional and global ramifications.



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The South Asian subcontinent is not new to political crises – both intra-state and inter-state. In the 75 years since the partition and independence of India, the region has muddled through multiple crises. Some of those conflicts – in Afghanistan, between India and Pakistan, the secession of Bangladesh, as well as the tensions between Delhi and Beijing – have drawn the rest of the world into the region.

The twin crises of the moment – in Sri Lanka and Pakistan – mark an inflexion point in the evolution of the region. They threaten to radically reorient the structure of domestic politics in both Sri Lanka and Pakistan. The crises are in part a reflection of the inability of the entrenched elites to address the challenges facing the countries.

The crises in Sri Lanka and Pakistan are a result of extended economic mismanagement, endemic corruption at the highest levels, and wanton destruction of institutions so critical for the functioning of modern states. Adding to the mix are powerful forces of religious extremism and majoritarianism that have been allowed to fester with impunity over the decades for political expediency. Together they make a deadly cocktail.

The younger generation in both Pakistan and Sri Lanka are angry with the old order, but the protest movements in the two countries are not organised enough nor have the leadership to decisively overthrow the old and build anew. But they have demonstrated enough street power to complicate the efforts of the old elites to navigate the current crises.

In Sri Lanka, vague notions of “people’s sovereignty” limit the capacity to influence real change. In Pakistan, the younger

generation is following Mr Imran Khan, the populist piper whose ideas about governing the country have already been discredited.

The internal churn is not just about the economic and political future of Sri Lanka and Pakistan. It has regional and global ramifications. After all, both Sri Lanka and Pakistan occupy critical locations on the global chessboard. Sri Lanka sits at the heart of the Indian Ocean and across the Indo-Pacific sea lines of communication.

Despite the withdrawal of US forces from Afghanistan, Pakistan’s geopolitical significance at the crossroads of South, West and Central Asia remains an enduring one. It is also the world’s second largest Muslim nation, with a powerful army that possesses nuclear weapons.

The Sri Lankan and Pakistani crises come at a moment when there is growing great-power rivalry among the US, Europe, Russia, China and Japan. During the Cold War, in the second half of the 20th century, the subcontinent was essentially marginal to the great-power conflict. But the region’s strategic and geopolitical importance has risen manifold in the 21st century. Situated on the periphery of a rising China and sitting in the middle of the Indo-Pacific, the contest for South Asia has become an important feature of contemporary international politics.

The crises are also a major test for India’s capacity to shape the region’s future. As the largest country in the region and an emerging power in its own right, India has high stakes in the domestic politics of its two neighbours as well as their geopolitical orientation. Meanwhile, India’s changing relations with the US and China in turn have an effect on the internal and external trajectories of Sri Lanka and Pakistan.

None of India’s neighbours have as intensely sought to balance India by mobilising external powers more so than Pakistan and Sri Lanka. Islamabad and Colombo’s problems with Delhi



have a deep political basis. The persistent conflicts between India and Pakistan over the last seven and a half decades have seen Islamabad turn to the US and China to counter India.

Delhi’s military intervention in Sri Lanka’s ethnic conflict between the majority Sinhalese and minority Tamils in the 1980s has deeply antagonised Sinhala nationalists. Since then Colombo has looked to China to increase its autonomy vis-a-vis India.

Delhi, on its part, cannot simply turn its back on the question of Tamil minority rights in Sri Lanka, given the deep kinship sentiments in its southern Tamil Nadu state which is so physically close to Sri Lanka. Delhi’s domestic politics then produce a structural tension in its policy towards its island neighbour – how does it

strengthen ties with Sri Lankan nationalism while pursuing the question of Tamil minority rights?

Unlike in Sri Lanka, though, India has little room to productively engage with Pakistan’s politics. Although Pakistan’s civilian leaders have often sought to normalise ties with India, the intractable conflict over Kashmir and the Pakistani military’s hostility to India has limited the possibilities for normalisation of bilateral relations.

China then does not have to try hard at all to emerge as a solid political partner for Sri Lanka and Pakistan. In Colombo, Beijing differentiates itself from Delhi by emphasising the policy of “non-intervention” in the internal affairs of Sri Lanka.

While India talks about a “special

relationship” with the island, China trumpets an “equal relationship”. China’s positions align with Sinhala nationalism while India’s approach to minority rights rankles Colombo. China’s traditional political support to Pakistan in its disputes with India and sustained military assistance over the decades has made Beijing Islamabad’s closest strategic partner.

China also comes out better than the US and the West which have raised questions about human rights in both countries. Colombo turns to Beijing and Moscow to fend off US-led multilateral interventions on the issue. Pakistan, which had for years maintained a strategic partnership with the United States, is now wary of deepening strategic warmth between Delhi and Washington. Pakistan, which acted as a bridge between the US and China during the 1970s, is also now struggling to come to terms with the deepening conflict between Washington and Beijing.

The last couple of decades have seen the steady expansion of Chinese influence in Sri Lanka beyond the political. China’s rise as an economic powerhouse has made it the largest trading partner for most countries in the world, including Pakistan and Sri Lanka. Since the launch of the Belt and Road Initiative, China has deployed massive amounts of capital around the world to build infrastructure as well as for natural resource extraction and industrial development.

The China-Pakistan Economic Corridor (CPEC) has been hailed in Beijing as the iconic project of Beijing’s BRI. China’s investments under the CPEC are estimated at about US\$60 billion (S\$82.7 billion). In Sri Lanka too, China’s development of the Hambantota port and other infrastructure has captured global headlines.

Some commentators today attribute the economic crises in Sri Lanka and Pakistan to the unviability of the Chinese projects and unsustainable levels of debt that they have created for the two nations. That might however be too simplistic. The real problem perhaps is rooted in the unwillingness of the elites in both to undertake due diligence of the Chinese investments and to read the fine print. Colombo and Islamabad took a political view that decided that Chinese investments were “game changers”.

To be sure, there was occasional questioning of the Chinese investments in both Sri Lanka and Pakistan, but these were drowned out by the political warmth for China in the establishment. There is also some disappointment today in Colombo and Islamabad that Beijing has not stepped in vigorously to bail them out.

But China, the world’s largest lender today, has multiple policy issues to sort out before undertaking country-specific interventions in Sri Lanka and Pakistan. As the largest holder of debt in Sri Lanka and Pakistan, Beijing retains a critical role in defining the debt restructuring of the two countries and their vital negotiations with the International Monetary Fund. Chinese political influence is

therefore likely to endure in both Colombo and Islamabad. Besides its continuing economic role, China will always be seen in Colombo and Islamabad as a balancer against both India and the United States.

Yet, the space for India in Sri Lanka is certainly growing amid the current crisis. India’s significant aid and assistance during the last few months – amounting to nearly US\$4 billion – has won it much goodwill in Sri Lanka. The surprising unity among Tamils and Sinhalese to demand political change will hopefully last and ease India’s dilemma in dealing with Colombo. Delhi will also hope that there will be less resistance to deeper economic cooperation with India.

But Sinhala suspicions of India are never too far below the surface. Through the crisis, Delhi had to constantly refute speculation about potential Indian intervention and that it might be picking sides in the internal conflict. Delhi is also learning to act less unilaterally in Sri Lanka and is coordinating its policies with its partners in the Quadrilateral Security Dialogue (Quad) – the US, Japan and Australia – as well as Europe to reduce its own risk and widen the international base of support for Colombo. Delhi does not have deep pockets and it would prefer like-minded nations acting in concert to help Sri Lankan revival. Meanwhile, the US and its allies are eager to develop stronger ties with Sri Lanka as part of their Indo-Pacific strategies.

India’s task in Pakistan is much harder. Yet, Delhi is conscious that an unstable Pakistan will make India’s security environment a lot worse. Given the current freeze in the bilateral relationship, there is not much room for an Indian outreach.

But Delhi should be prepared to respond quickly and positively if there is renewed interest in Islamabad for trade and commercial cooperation that could contribute to Pakistan’s economic revival. Pakistan’s army chief, General Qamar Jawed Bajwa, signalled such a possibility in early 2021, when he called for a reset of Pakistan’s foreign policy. But it did not go far, given then Prime Minister Imran Khan’s reluctance to support it.

With Mr Khan’s political star rising and Gen Bajwa set to retire in November the prospects for any movement in bilateral relations might look dim. But optimists would like to see the revival of the back-channel diplomacy between Delhi and Islamabad that could carve out some much-needed room for mutually beneficial commercial engagement between both countries.

Even a limited and temporary rapprochement between the two would vastly improve the geopolitical space for both Pakistan and India at a moment of deep internal change in the region and profound transformation of the external environment.

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