

## Smaller South Asian Countries and the US Indo-Pacific Strategy at One Year

By Nilanthi Samaranyake

**Nilanthi Samaranyake**, Adjunct Fellow at the East-West Center and a Visiting Expert at the US Institute of Peace, explains that while smaller South Asian Countries are not expressly mentioned in the US Indo-Pacific Strategy, US policy already recognizes clear interests in these states.

In February 2022, the White House released the *Indo-Pacific Strategy of the United States* (IPS). While India is mentioned several times, including as a “like-minded partner and leader in South Asia and the Indian Ocean,” no other South Asian country is mentioned. In its Indo-Pacific Action Plan, the IPS also includes a line of effort to “support India’s continued rise and regional leadership.” The implication of the IPS is that the smaller countries in the region are to be led by India, inadvertently suggesting that Washington is outsourcing policy to the largest, most populous, and economically and militarily powerful country in South Asia. Avoiding this appearance would be wise because the United States has clear interests in the Smaller South Asian (SSA) countries, individually and as a group.

What are the SSA countries? For decades, India and Pakistan dominated scholarship and policy toward South Asia. The remaining five countries—Bangladesh, Nepal, Sri Lanka, Bhutan, and Maldives—have been neglected and warrant greater attention at a time when the region is evolving and questions are being raised about their strategic preferences. This grouping has traditionally been viewed through an India-centric prism as forming “the Neighborhood,” meaning India’s neighborhood. As China has risen on the global stage and anxiety increases about its intentions for the international order, these countries have been described as a “string of pearls”—representing potential locations of concern due to their relationships with China. Again, this framing views SSA countries through the lens of another major power rather than on their own terms as countries with interests and agency.

The SSA countries are relatively populous. For example, the largest SSA country in terms of population, Bangladesh, has roughly 170 million people and is one of the five largest Muslim countries in the world. Even Nepal’s population of 30 million and Sri Lanka’s population of 22 million are sizable when considering that the population of Australia is only 25 million. But population is not the only, or even most important, metric when understanding smaller countries. Quantitative indicators such as GDP are useful, but it is also essential to consider how these countries perceive themselves as well as the threats in their environment.

Why should the United States care about the SSA countries and engage them in the context of the IPS? Factors such as governance, economics, and geographic location are worth considering for US values and interests. All five SSA countries conduct democratic elections. Nevertheless, their democratic institutions face challenges, in varying degrees, including the use of authoritarian tactics and limits on press freedoms. Four of the five SSA countries are considered lower middle-income by the World Bank, and all are concerned about their economic outlook and independence—particularly after Sri Lanka’s debt crisis and related political convulsions.

Another factor is geography. Nepal and Bhutan are strategically located between China and India in the Himalayas, while Sri Lanka and Maldives sit along the main East-West sea lanes in the Indian Ocean. Meanwhile, Bangladesh is centrally located in the Bay of Bengal, allowing it to connect Southeast Asia’s economic gains with South Asia but also leaving it prone to natural disasters and increasingly vulnerable to climate change.

Despite the omission of the SSA countries from the IPS, US policy already recognizes clear interests in the region. Activities over the past year have sought to build the capacity of these countries, strengthen US defense relationships, and ensure access. This is evidenced by training and exercises with the Nepali Army, as well as the Cooperation Afloat Readiness and Training (CARAT) maritime exercise held in Sri Lanka in January, with participation from the Maldives. In addition, US officials have discussed seeking Bangladesh's signature on key defense agreements: the General Security of Military Information Agreement (GSOMIA) and the Acquisition and Cross-Servicing Agreement (ACSA). In September, the US Coast Guard Cutter *Midgett* visited Maldives—the first deployment by the sea service to the atoll country since 2009. While Bhutan does not have formal diplomatic relations with any of the permanent members of the UN Security Council, the US has informal relations with the country, which facilitated the delivery of 50,000 pediatric Covid-19 vaccine doses in December.

The United States also has strong economic ties with SSA countries. It is the top export destination for Bangladesh and Sri Lanka, providing much-needed revenue that contributes to the growth of these economies. Meanwhile, Washington offers financing prospects through the Millennium Challenge Corporation (MCC) and Development Finance Corporation. Although various obstacles have prevented the US from delivering on these opportunities in Sri Lanka and Bangladesh, the US government coordinated closely with Nepali leaders in early 2022 to secure the MCC's ratification. This was especially significant because China appeared to be working to undermine the compact. Later in the year, Washington provided \$240 million in assistance and loans to Sri Lanka to help stabilize the country during its economic crisis.

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The coming year will be critical for SSA countries both politically and economically, as well as for US diplomatic and defense objectives in the region. Maldives, Bhutan, Bangladesh, and Sri Lanka are expected to hold elections, while Bangladesh, Nepal, and Sri Lanka are looking to strengthen their economies against global inflation after turning to the IMF for assistance. The United States is the largest shareholder in the IMF and World Bank. It will also closely monitor the democratic elections in these countries. Meanwhile, Washington will endeavor to make progress on diplomatic and defense initiatives. Diplomatically, it is in the process of standing up an embassy in Maldives. Many countries, including the United States, currently conduct diplomacy toward the Maldives from embassies in Sri Lanka or India. In the security realm, US officials will look to finalize at least the GSOMIA defense agreement with Bangladesh.

Better aligning US strategy toward SSA countries with policy goals should be a priority for officials in the second year of the IPS. One area to build on lies in the White House's *National Security Strategy*, which was released in October. It candidly discusses how Washington "will avoid the temptation to see the world solely through the prism of strategic competition and will continue to engage countries on their own terms." Despite this acknowledgment, smaller countries, including those in South Asia, continue to find themselves forced to make difficult decisions as international relations are increasingly framed through this prism. This approach not only has the potential to erode the political and economic stability of these countries but undermines US engagement with them to achieve policy goals. Instead, officials should want SSA countries to ultimately see their US engagement as a chance to strengthen their autonomy and economic development.

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