#### **CHAPTER TWELVE**

## STRATEGIC SMALLNESS IN SOUTH ASIA:

## LEVERAGING INFLUENCE AMONG GIANTS

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We may be small, but that does not give you the license to bully us.

 Dr. Mohamed Muizzu, President of the Maldives, upon his return from a triumphant visit to China, Velana Airport, January 2024.

#### **Abstract**

Caught between the strategic ambitions of India and China, South Asia's less powerful states navigate a delicate balance to safeguard their sovereignty and advance their development goals. This chapter examines how these smaller nations could leverage multilateral platforms to diversify alliances, amplify their global voices, and reduce reliance on dominant powers. It explores their challenges, strategies, and successes in transforming geopolitical vulnerabilities into strengths while pursuing stability and sustainable growth in a multipolar world.

### Introduction

When a small state like Bhutan, nestled in the Himalayas, manages the competing pressures of regional giants India and China,<sup>2</sup> it highlights the strategic resilience of South Asia's smaller states. Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan, and Sri Lanka exist in a perpetual balancing act, striving to safeguard their sovereignty while pursuing economic growth amid the ambitions of dominant powers. Their precarious position demands careful diplomacy to avoid being drawn into the escalating rivalry between the two behemoths. This rivalry, compounded by global power shifts and economic uncertainties, has created a complex

geopolitical landscape that requires smaller states to chart independent and calculated paths.

This chapter contends that smaller states of South Asia must move beyond reactive approaches and adopt a proactive stance in regional and global affairs.<sup>3</sup> By fostering regional cooperation and actively engaging in multilateral platforms, these nations can leverage their collective strength to secure their sovereignty and achieve lasting stability in an increasingly multipolar world.

The economic fallout from the COVID-19 pandemic, rising debt burdens, and the ripple effects of conflicts in Ukraine and the Middle East have severely impacted South Asia's economies. The smaller, more vulnerable nations of the region have borne the brunt of these crises, facing widespread social unrest, violent protests, and the ousting of political elites, all of which have deepened regional uncertainty. This upheaval unfolds against a backdrop of intensifying global strategic competition between the United States and China, further complicated by a regional power struggle between China and India.<sup>4</sup>

In this environment, South Asia's lesser powers must navigate not only external pressures but also internal vulnerabilities. By embracing strategic autonomy, strengthening regional ties, and enhancing their engagement in multilateral forums, these nations can transform their vulnerabilities into opportunities and position themselves as critical contributors to regional and global stability.

# Historical Context: The Rise of New Powers in South Asia

South Asia's smaller states have long aspired to shape their own futures, yet their geopolitical trajectories have been heavily influenced by the actions and interests of larger powers. Historically, India, as the dominant regional power, engaged with its neighbors through bilateral agreements,<sup>5</sup> often prioritizing its strategic objectives and maintaining a firm aversion to external

influences in the region. While this approach gave India leverage in individual dealings, it has constrained the options of smaller states seeking diversified partnerships. Additionally, India's development assistance programs, though substantial, have often been criticized for mirroring the glacial pace of its own domestic policies, failing at times to address the urgent needs of its neighbors effectively.

This dynamic began to evolve with the rise of China as a global economic powerhouse. Although China's strategic partnership with Pakistan dates back to the 1960s, 6 its economic engagement with the region has expanded significantly in recent decades. The launch of the Belt and Road Initiative (BRI) a decade ago offered South Asian states an alternative source of funding for critical infrastructure projects, including roads, railways, ports, and power grids. Six South Asian countries—excluding India and Bhutan—joined the initiative, drawn by China's deeper financial resources and its reputation for efficient project execution. This economic engagement gradually transitioned into political influence, challenging India's traditional dominance in the region, prompting India to define China as a bully. 10

The irony is not lost among the lesser powers of South Asia, for whom India is clearly the bully. 11 Anti-India sentiment has continued to play a key role in reshaping South Asia's geopolitics for the past 40 years. While some grievances stem from historical disputes, many arise from India's highhandedness, coercive diplomacy, 12 and interference in its neighbors' domestic affairs. These sentiments, coupled with neighboring states' efforts to assert their sovereignty, have had significant repercussions, including strained diplomatic ties, increased Chinese influence, and disruptions in regional cooperation initiatives.

In contrast to India, China, despite sharing borders with five South Asian countries—Afghanistan, Bhutan, India, Nepal, and Pakistan—operates without the historical baggage of British colonial rule or combative ties with South Asian minorities.<sup>13</sup> This

allows China to adopt a more pragmatic and transactional approach in its dealing with the region. While the BRI has faced criticism for creating debt burdens and raising transparency concerns, <sup>14</sup> China's strategic presence, arguably as the "ninth South Asian nation," has become an unavoidable reality that India and her less powerful neighbors must navigate. <sup>15</sup>

Strategic competition in South Asia is defined by the China-India contest for supremacy. The escalating competition between them—rooted in territorial disputes, rapid military modernization, and economic rivalry—has further complicated the geopolitical landscape in South Asia. Lesser powers are often forced to make difficult choices, balancing relationships with the two giants while safeguarding their own interests. India's highhanded approach toward its neighbors has occasionally alienated them, <sup>16</sup> driving some closer to China. For instance, while India remains the largest trading partner of Bhutan, the Maldives, Nepal, and Sri Lanka, China has eclipsed India in trade relationships with Bangladesh<sup>17</sup> and Pakistan. The growing Chinese footprint has given smaller states opportunities to play one power against the other, gaining leverage and benefits from both sides.<sup>18</sup>

This intensifying India-China competition presents both risks and opportunities for South Asia's smaller states. On the other hand, it opens the possibilities for strategic maneuvering, allowing smaller states to leverage relationships with both giants to their advantage. <sup>19</sup>

South Asia's lesser powers stand at a pivotal crossroads.<sup>20</sup> To navigate this complex landscape and preserve their sovereignty, these nations must adopt a proactive approach. By embracing strategic autonomy, fostering regional cooperation, and prioritizing sustainable growth, they can transform their vulnerabilities into strengths. This path forward requires courage, innovation, and collaboration—a recognition that even the smallest states can exert meaningful influence when they chart their own course with clarity and purpose.

# Small States, Strategic Places: South Asia's Geopolitical Landscape

Despite their size, the smaller states of South Asia exert considerable influence due to their strategic geopolitical positioning. These nations capitalize on their unique locations to secure regional and international interests while navigating complex power dynamics.

- NEPAL AND BHUTAN: Nestled in the Himalayas, Nepal and Bhutan act as critical buffers between the two Asian giants, India and China. Bhutan's cautious diplomacy underscores its commitment to sovereignty and an independent foreign policy. Maintaining close relations with India while avoiding formal ties with China,<sup>21</sup> Bhutan ensures its security without becoming entangled in great power rivalries. Nepal, on the other hand, actively engages with both India and China, leveraging their competition to maximize its strategic autonomy and secure economic benefits.
- SRI LANKA AND MALDIVES: These island nations command vital maritime routes in the Indian Ocean, making them indispensable to global trade and security. Sri Lanka's location has drawn significant attention from both India and China, with the Hambantota Port project symbolizing the strategic importance of its waters. The Maldives skillfully balances its relations, receiving security assistance from India while attracting Chinese infrastructure investment. Its leadership on climate resilience showcases how smaller states can influence global discourse, positioning themselves as advocates for vulnerable nations in international climate negotiations.
- BANGLADESH: Strategically situated along the Bay of Bengal, Bangladesh serves as a crucial connectivity hub linking South and Southeast Asia. It adeptly balances its relations,

leveraging deep cultural and historical ties with India while securing substantial Chinese investment in infrastructure projects. Beyond the region, Bangladesh's significant contributions to United Nations (UN) peacekeeping missions elevate its global standing, reinforcing its image as a responsible and proactive international actor.

These smaller states demonstrate that strategic positioning can translate into outsized influence. By leveraging their geographic advantages, balancing external relationships, and advancing global advocacy, they navigate the complexities of South Asia's geopolitical landscape with agility and purpose.

# The Strategic Dilemma: Navigating the Regional Dynamics

India and China wield considerable influence over the geopolitical landscape of South Asia,<sup>22</sup> using economic, political, and military tools to shape the region according to their strategic interests. This intensifying competition creates both opportunities and challenges for the smaller states caught in the middle.

### **Economic Contestations**

India has traditionally dominated South Asia economically, leveraging its deep historical and cultural ties with neighboring countries. Initiatives like the Indian Technical and Economic Cooperation (ITEC) program underscore India's commitment to capacity-building.<sup>23</sup> fostering regional development and Additionally, India uses its soft power through cultural diplomacy and fostering people-to-people connections to strengthen regional ties. However, its recent muscular foreign policy has strained relationships with several neighbors, <sup>24</sup> including Nepal, Maldives, <sup>25</sup> Sri Lanka, and Bangladesh, creating opportunities for China's growing regional engagement. Coupled with its long-standing rivalry with Pakistan, India faces increasing challenges in competing with China's significant capital inflows, which have attracted South Asian nations seeking infrastructure and economic development.<sup>26</sup>

China's economic influence in South Asia has grown significantly, driven by its Belt and Road Initiative (BRI). This initiative has provided substantial funding for infrastructure projects like roads, ports, and power plants, particularly in Pakistan, Sri Lanka, the Maldives, Nepal, and Bangladesh. Investments in critical sectors such as energy, transportation, and logistics reflect China's broader strategy of addressing regional infrastructure gaps while securing strategic interests, including energy resource access.<sup>27</sup>

Despite the tangible development benefits these projects offer, concerns over debt sustainability and strategic leverage loom large.<sup>28</sup> Sri Lanka's debt crisis, partly linked to Chinese-funded projects like the Hambantota Port, highlights the risks of overreliance on external capital by poorly governed states. Beyond economics, China's military modernization and assertive territorial claims in areas like the South China Sea add complexity to regional security dynamics.

The dynamic interaction between Indian and Chinese influence shapes a complex geopolitical landscape in South Asia. While smaller states have leveraged this rivalry to secure investments and trade opportunities, they often struggle to maintain sovereignty and navigate the precarious balance between these two powers.

### Political Strategies and Challenges

China and India pursue distinct political strategies in South Asia, reflecting their divergent approaches to influence. China emphasizes strategic partnerships, such as its enduring alliance with Pakistan, to counterbalance India's regional dominance. Its policy of non-interference in domestic politics allows it to maintain relations with diverse regimes, making it an attractive partner for states wary of interventionist powers.<sup>29</sup>

In contrast, India emphasizes shared cultural and historical ties while promoting regional cooperation through organizations like the South Asian Association for Regional Cooperation (SAARC) and, more recently, the Global South bloc. India's soft power—rooted in shared cultural heritage, educational exchanges, and economic links—has been a cornerstone of its regional diplomacy. However, India's Pavlovian tendency to intervene in the domestic affairs of its neighbors, such as Bangladesh, Maldives, Nepal, and Sri Lanka, has strained relationships.<sup>30</sup> For instance, India's unofficial blockade of Nepal in 2015, aimed at pressuring Kathmandu to amend its new constitution to align with New Delhi's political interests, caused significant resentment<sup>31</sup> while waves of anti-India sentiment in the Maldives fueled by the "India-Out" campaign, 32 have further complicated relations. Critics argue that India's perceived interference in neighboring countries undermines their sovereignty, driving some closer to China.<sup>33</sup>

These dynamics create a politically delicate environment in South Asia. India's active involvement often faces resistance, prompting smaller states to engage with China as an alternative. Meanwhile, China's hands-off approach enables it to deepen its influence without accusations of meddling in internal affairs, further challenging India's traditional dominance.

## Military Maneuvers and Security Dynamics

China and India are both increasingly asserting their military presence in South Asia, exacerbating security dilemmas for smaller states. China's deepening defense ties with Pakistan include the provision of advanced military technology and bilateral security cooperation, which India views as a direct threat.<sup>34</sup> Additionally, China's naval expansion in the Indian Ocean—marked by the development of dual-use facilities in the ports of Gwadar and Jiwani (Pakistan) and Hambantota (Sri Lanka)—has amplified its strategic reach, raising alarm in New Delhi.<sup>35</sup>

India has responded by strengthening its military capabilities, increasing defense spending, and expanding security partnerships. Joint military exercises with regional neighbors bolster India's influence, while collaboration with Indo-Pacific partners like the United States, Japan, and Australia through the Quadrilateral Security Dialogue (Quad) aims to counterbalance China's growing presence. These efforts underline India's strategy to maintain regional dominance and deter Chinese encroachments on its sphere of influence.

For smaller South Asian states, this intensifying rivalry presents a complex challenge. Dependence on one side risks undermining their foreign policy independence, leaving them vulnerable to external pressures. This "strategic trap" not only constrains their capacity to engage neutrally on regional and multilateral platforms but also complicates their efforts to safeguard sovereignty.

The escalating India-China rivalry shapes South Asia's regional dynamics, presenting both risks and opportunities for smaller states. While these nations can leverage the competition to secure development benefits, they must also navigate the associated political and security challenges with caution. By prioritizing strategic autonomy, fostering regional cooperation, and engaging selectively with both powers, South Asia's smaller states can mitigate external pressures and pursue sustainable development while safeguarding their sovereignty.

# Foreign Policy Pathways of South Asia's Smaller States: An Overview

The foreign policies of South Asia's smaller states are shaped by their unique geographical, economic, and political contexts. Positioned between two regional giants, India and China, these nations face complex challenges in navigating the competing influences of these powers while safeguarding their sovereignty and advancing their development goals. Each state's approach reflects a

nuanced blend of pragmatism and strategic ambition as it seeks to balance domestic priorities with the demands of an evolving global order.

This section explores how smaller South Asian states—Nepal, Bhutan, Bangladesh, Pakistan, Sri Lanka, Maldives, and Afghanistan—strategically chart their foreign policy pathways. From leveraging geographic advantages and pursuing economic diversification to balancing regional power dynamics and engaging in global multilateralism, these nations exemplify the varied strategies employed to navigate a multipolar world. Their responses not only highlight their resilience but also underscore their growing role in shaping South Asia's geopolitical landscape.

## Nepal

Nepal's foreign policy is characterized by a delicate balancing act between its two powerful neighbors, India and China. Traditionally aligned with India due to shared cultural and historical ties, Nepal has increasingly diversified its foreign relations by engaging with China through infrastructure projects and economic cooperation under the BRI. This strategic pivot enables Nepal to leverage its relationship with China to counterbalance India's influence while striving to maintain sovereignty and avoid overdependence on either power.<sup>36</sup> Nepal also actively engages with international partners to support its development goals.

Nepal, one of the poorest South Asian countries, relies heavily on its service sector (tourism) and energy sector (hydropower) for economic growth. Foreign trade constitutes 48% of its GDP, with India as its dominant trading partner, accounting for 71.9% of exports and 63.2% of imports. Other key export markets include the United States, Germany, Türkiye (2.0%), and the United Kingdom, while imports also come from China (13.5%) and other regional players.<sup>37</sup>

#### Bhutan

Bhutan's foreign policy is marked by a cautious and strategically neutral approach aimed at safeguarding its sovereignty. Maintaining diplomatic relations with only 57 countries, excluding all permanent members of the UN Security Council,<sup>38</sup> Bhutan minimizes external influence and prioritizes its autonomy. This aligns with its historical strategy of isolation, and its close partnership with India formalized through the 1949 Treaty of Friendship.

Concerns over Chinese territorial ambitions were heightened in the 1950s when China released maps asserting claims over Bhutanese territory and occupied 300 square miles in 1958.<sup>39</sup> While these disputes remain unresolved, Bhutan and China have shown interest in resolving border issues through negotiations, although they do not maintain formal diplomatic relations.

Bhutan's partnership with India remains central to its foreign policy, anchored by the 1949 Treaty of Friendship, which was modernized in 2007 to affirm India's non-interference in Bhutan's internal affairs while encouraging consultation on *external relations*. <sup>40</sup> India also plays a significant role in Bhutan's security, providing defense training and equipment through the Indian Military Training Team (IMTRAT). <sup>41</sup>

However, Bhutan's special relationship with India has not made it immune to India's intrusive neighborhood policy. A notable instance occurred in 2013, when India withdrew fuel subsidies ahead of the Bhutanese elections, widely viewed as a political maneuver to influence domestic politics. This sparked a wave of anti-India sentiment, provoked public protests, and intensified debates about Bhutan's foreign policy independence. It also fueled discussions within Bhutan on its over-dependence on India and Indian interference in Thimpu's foreign policy decisions and led to growing advocacy within Bhutan for diversifying its diplomatic and economic partnerships, aiming to reduce reliance on India and strengthen its sovereignty.

Economically, Bhutan relies heavily on hydropower, largely financed and consumed by India. The non-hydropower sectors face challenges in global competitiveness. Bhutan's economy grew by 5.3% in fiscal years 2023 and 2024, driven by tourism recovery and mining. In 2023, India accounted for 52.7% of Bhutan's exports and 78.5% of imports, with other trade partners including Bangladesh, Italy, Nepal, and China.

## Bangladesh

Bangladesh pursues a pragmatic foreign policy that balances its relations with India and China while addressing its geographic realities alongside India and Myanmar. While maintaining strong economic and cultural ties with India, Bangladesh also actively engages China for investment in large-scale infrastructure projects under the BRI. China's support includes funding for key projects such as seaports, railways, and power plants, alongside military assets like tanks and missile launchers.<sup>45</sup>

In addition to ties with its regional neighbors, Bangladesh diversifies its international partnerships, engaging with nations like the United States and Japan to diversify its strategic options. This approach underscores Bangladesh's commitment to maintaining autonomy and reducing overreliance on any single power.

The textile and garment industry forms the backbone of Bangladesh's economy, contributing 11% to GDP and accounting for 80% of exports. In 2023, ready-made garment exports to the European Union (EU) were valued at \$47.39 billion, while exports to the United States totaled \$7.29 billion. This economic strength, coupled with proactive international engagements, enables Bangladesh to navigate its geopolitical challenges while securing sustainable growth.

#### Pakistan

Pakistan's foreign policy is heavily shaped by its strategic rivalry with India, driving its close alliance with China. The partnership, exemplified by the China-Pakistan Economic Corridor (CPEC), enhances Pakistan's infrastructure and energy capabilities while reinforcing its alignment with China as a counterweight to Indian influence.<sup>48</sup>

Beyond its ties with China, Pakistan maintains significant relationships with Gulf countries such as Saudi Arabia, the United Arab Emirates (UAE), as well as the United States, to secure economic assistance, energy supplies, and military support. This multifaceted approach reflects Pakistan's efforts to diversify partnerships and safeguard its national interests.<sup>49</sup>

Foreign trade constitutes 33% of Pakistan's GDP, with textiles dominating the export sector, followed by rice. Imports include petroleum, palm oil, telecommunication equipment, and coal. In 2023, the United States was Pakistan's largest export market (20.1%), while China remained its largest source of imports (23%).<sup>50</sup>

Pakistan's foreign policy reflects a careful balancing act. It leverages its alliance while maintaining critical ties with the United States to navigate its geopolitical challenges and ensure economic stability.

#### Sri Lanka

Sri Lanka's foreign policy focuses on balancing relations with both India and China while navigating its geopolitical and economic realities. India has traditionally been a key partner due to cultural and geographic proximity, while China's influence has grown significantly through investments in major infrastructure projects like the Hambantota Port under the BRI.<sup>51</sup> However, this dependency on Chinese funding partially contributed to Sri Lanka's

worst financial crisis in over seven decades, culminating in an economic default.

In response, Sri Lanka has sought to diversify partnerships by engaging with reliable Asian partners like Japan and participating in smaller economic forums.<sup>52</sup> Its strategic location in the Indian Ocean enhances its importance for maritime security, prompting further engagement with the United States and other international actors.<sup>53</sup>

Trade accounts for 47% of Sri Lanka's GDP, with key exports including tea and textiles and imports consisting of petroleum, fabrics, and medicaments. In 2023, its main export destinations were the United States, the United Kingdom, and India, while imports were sourced primarily from India, China, and the UAE.

#### **Maldives**

The Maldives employs a flexible and adaptive foreign policy, balancing security ties with India and infrastructure investment from China. While traditionally aligned with India campaigns like "India-Out" gained traction under President Mohamed Muizzu reflect domestic concerns over India's real and perceived interference. <sup>54</sup>

Strategic location along vital maritime routes, the Maldives engages with global partners like the United States and European Union to mitigate overreliance on India and China.<sup>55</sup> In 2023, Asia accounted for most of its exports, with Thailand leading at 54%. Europe followed with 31%, led by the United Kingdom (14%).<sup>56</sup>

## Afghanistan

Afghanistan's foreign policy is shaped by its landlocked geography, ethnic diversity, and strategic importance as a geographic crossroads. While striving to balance its relations with neighbors and internal actors, the country continues to grapple with persistent internal conflicts. Its relationship with Pakistan is particularly fraught, <sup>57</sup> marked by shared ethnic ties and deep mistrust. Pakistan

is frequently accused of interfering in Afghan affairs to secure strategic depth, further complicating bilateral relations.

Since the Taliban's return to power in August 2021, Afghanistan's foreign relations have taken on a mix of ideological rigidity and pragmatic outreach. Most of the international community, including the United States, has withheld official recognition of the Taliban government.<sup>58</sup> India, while providing humanitarian assistance,<sup>59</sup> is cautiously engaging the Taliban through various channels,<sup>60</sup> as acknowledged by its Ministry of External Affairs.<sup>61</sup> In contrast, China has moved closer to de facto recognition, appointing an ambassador to Kabul who formally presented credentials to the Taliban and hosting Taliban representatives in Beijing.<sup>62</sup> China's engagement focuses on economic projects and counterterrorism, reflecting its broader strategic priorities in the region.

Afghanistan's trade, which reopened to international markets in 2001, accounted for 51% of GDP in 2021. The economy relies heavily on the export of low-value items such as dried fruit, carpets, and textiles, while imports consist primarily of wheat, textiles, and petroleum. Pakistan and India remain Afghanistan's key trading partners, highlighting the importance of regional economic ties amidst the country's ongoing political and economic challenges. <sup>63</sup>

Under Taliban rule, Afghanistan's foreign policy reflects its efforts to secure limited partnerships, balancing ideological commitments with the practical need for economic and security cooperation. However, its path forward remains uncertain as it seeks recognition and stability in an evolving geopolitical landscape.

## The Strategic Case for Multilateral Engagement

Smaller South Asian states are increasingly recognizing the value of multilateral and minilateral platforms as tools to navigate a complex regional and global environment. These platforms offer pathways to diversify alliances, amplify collective influence, and address shared challenges, enabling smaller nations to strengthen their autonomy and advance their development goals. For states caught between regional giants like India and China, multilateral engagement provides an opportunity to reduce dependence on dominant powers while fostering collaboration with a broader range of partners. This section explores how smaller South Asian countries utilize these platforms to secure economic, political, and strategic benefits while addressing the challenges they face in maximizing their potential.

## Diversification of Alliances

Participation in multilateral and minilateral platforms offers smaller South Asian states a strategic means to diversify their alliances, reducing dependence on dominant regional powers like India or China. These forums provide access to economic assistance, security cooperation, and diplomatic leverage, enhancing their autonomy and resilience in a competitive regional environment.

For instance, Bangladesh's engagement in the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) allows it to strengthen economic and trade ties not only with India but also with Myanmar, Thailand, and other Southeast Asian nations. This diversification fosters trade routes beyond immediate neighbors, promoting economic stability. Similarly, platforms like the Indian Ocean Rim Association (IORA) enable nations such as Sri Lanka and the Maldives to collaborate with a broad range of maritime partners from Africa to Southeast Asia. Through IORA, these states can attract investment from partners like Japan, Australia, and the UAE, providing alternatives to China's BRI while mitigating the risks of single-source dependency.

## Platform for Collective Bargaining

Multilateral and minilateral platforms also serve as critical venues for smaller states to amplify their voices and protect their interests. By presenting united fronts, these nations can address shared challenges, secure fairer economic terms, and resist undue influence from larger powers.

The Climate Vulnerable Forum (CVF), for example, has allowed members such as Bangladesh, Maldives, Nepal, and Bhutan to advocate for international climate action and funding for adaptation measures. <sup>64</sup> Bangladesh has successfully used the CVF to highlight the urgency of climate resilience, securing commitments for climate financing. <sup>65</sup> Similarly, Sri Lanka and the Maldives leverage IORA to coordinate marine conservation efforts, safeguarding fisheries and preserving tourism-dependent economies.

Labor migration represents another critical area for collaboration. The Colombo Process, a regional consultative forum for labor migration, enables countries like Bangladesh, Nepal, and Sri Lanka to collectively negotiate improved conditions for migrant workers in host countries, <sup>66</sup> particularly in the Middle East. By aligning their migration policies, these states secure better protections for their citizens abroad while ensuring continued remittance flows vital to their economies.

## Enhanced Strategic Visibility

Engagement in multilateral and minilateral platforms also enhances the strategic visibility of smaller states, enabling them to assert their unique perspectives and raise awareness of their challenges on the global stage. These platforms position smaller states as active contributors to regional stability and global governance.

The Maldives, for example, has used forums like the Alliance of Small Island States (AOSIS) to rally global support for climate action, <sup>67</sup> emphasizing the existential threats posed by rising sea levels. This advocacy has elevated the Maldives' international profile, establishing it as a leading voice for small, climate-vulnerable nations and influencing global climate policy.

Economic platforms like the Asia-Europe Meeting (ASEM) also provide opportunities for smaller South Asian states to attract foreign investment and advance their development agendas.<sup>68</sup> Through ASEM, countries such as Bangladesh and Pakistan engage with European partners, fostering trade and investment while showcasing their commitment to international cooperation. By actively participating, these nations demonstrate their capacity for collaboration on political, economic, and social issues, positioning themselves as credible players within the Indo-Pacific region.

# Challenges and Strategic Considerations in Multilateral Engagements

While multilateral and minilateral platforms offer significant benefits, smaller South Asian states face numerous institutional and political challenges that impede their ability to fully leverage these opportunities. These barriers, ranging from resource constraints to internal political instability, limit their capacity to engage effectively, coordinate actions, and advocate cohesively on regional and international issues.

### Resource Constraints

Financial, technological, and human resource limitations are significant obstacles for smaller states, curtailing their ability to participate meaningfully in multilateral initiatives. For example, Bhutan's modest GDP restricts its capacity to contribute to initiatives like BIMSTEC, even when such projects promise long-term economic benefits.<sup>69</sup>

Sri Lanka exemplifies how external resource dependencies can further complicate multilateral engagements. Reliance on Chinese loans has influenced its foreign policy, reducing its ability to maintain balanced stances in initiatives like BRI. These constraints often force smaller states to prioritize immediate domestic needs

over long-term collaborative goals, diminishing their effectiveness in regional and global platforms.

## Internal Political Challenges

Political instability and governance issues undermine smaller states' ability to engage consistently and constructively in international forums. In Pakistan, frequent leadership changes and internal political strife have resulted in inconsistent foreign policy positions, particularly within SAARC. This lack of continuity has stalled regional progress and contributed to perceptions of unreliability.

Afghanistan, plagued by weak governance and corruption even before the Taliban takeover, struggled to participate in regional projects like CASA-1000, an initiative to facilitate electricity trade between Central and South Asia. Such internal challenges not only erode credibility but also weaken negotiating power, further isolating nations on the international stage.

## Pathways to Overcome Challenges

To address these obstacles, smaller South Asian states must adopt targeted strategies to enhance institutional capacity and foster internal stability.

- CAPACITY BUILDING: Strengthening bureaucratic and diplomatic capacity through international support and training programs can empower smaller nations to coordinate and advocate more effectively in multilateral settings.
- RESOURCE POOLING: Collaborating within regional frameworks to share resources and expertise can help level the playing field for resource-constrained nations. Platforms like Bangladesh, Bhutan, India, and Nepal Initiative (BBIN) offer manageable avenues for achieving tangible outcomes.

• GOVERNANCE AND POLITICAL STABILITY: Addressing internal governance issues, fostering political continuity, and building domestic unity is essential for ensuring effective engagement in international forums. Stable governance allows for a greater focus on regional and global commitments.

Overcoming these challenges requires sustained effort and reform. By improving governance, fostering political stability, and strategically leveraging regional partnerships, smaller South Asian states can position themselves as active and effective contributors to regional and global initiatives, securing greater benefits for their economies and populations.

# Conclusion: Embracing Strategic Autonomy through Multilateral Engagement

For South Asia's smaller states, achieving strategic autonomy has become a necessity rather than a choice. By diversifying foreign relations, fostering regional cooperation without the two giants, and strengthening domestic capacities, these nations can carve out independent pathways that safeguard their sovereignty and promote long-term stability in an increasingly multipolar world. Transforming geopolitical vulnerabilities into strategic advantages requires proactive engagement, thoughtful planning, and resilience in the face of external pressures.

However, a unified South Asian bloc that challenges the dominance of India and China is unlikely to go uncontested. Coercive tactics, such as economic sanctions, diplomatic isolation, or strategic maneuvers, could disrupt these efforts and test the resolve of smaller states.

Greater participation in multilateral and regional platforms offers these nations vital opportunities for economic growth, strengthened diplomatic relations, and enhanced collective security. Such forums empower smaller states to diversify trade routes, reduce dependence on dominant neighbors, and access alternative sources of development cooperation. Moreover, they provide a platform for smaller states to amplify their voices on pressing global issues like climate change, regional security, and economic stability, ensuring their concerns are acknowledged and addressed.

Participation in multilateral frameworks also empowers smaller states to negotiate better terms in international agreements, secure critical resources and technologies, and develop more balanced foreign policies. Collaborating with a diverse range of partners mitigates the risk of overreliance on larger powers like India and China. It fosters knowledge sharing, capacity building, and institutional development, equipping these smaller states with the tools needed to strengthen their economies and governance structures.

Ultimately, multilateral and minilateral engagement offers South Asia's smaller states a pathway to assert their sovereignty, shape global outcomes, and thrive in an interconnected world. By embracing these strategies, they position themselves as dynamic and proactive contributors to regional and global stability, ensuring a sustainable, prosperous, and autonomous future.

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