



It's Time to Revisit America's South Asia Strategy

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Nearly a year after America's unceremonious exit from Afghanistan, the United States has yet to chart a new strategy for engagement in South Asia—the home to one-fifth of humanity and vital U.S. national security interests. It's time the region got a rethink.

The rationale for a new strategy is clear. If South Asia was a “battleground” during the War on Terror, it is increasingly “contested ground” in the escalating competition with China. U.S. strategy in South Asia must reflect this reality and respond to the new “pacing challenge.”

This will require Washington to take a broader view of South Asia and engage more vigorously with the smaller players in the region. Indeed, while the United States made strong gains in its relationship with India over the past two decades, it has often lacked the ability and appetite to court smaller states like Bangladesh, Nepal, and Sri Lanka. By contrast, Beijing was able to make strong inroads in these countries, as well as in Pakistan, leveraging economic engagement facilitated through the Belt and Road Initiative.¹

However, recent months have seen cracks emerge within China's position in South Asia. Sri Lanka's ongoing economic crisis—which is partially due to the abundance of loans it took from China—has prompted a rethink throughout the region about accepting Chinese financial assistance. Bangladesh and Nepal have also thought twice about their entanglements with China, especially as they face dire economic challenges at home.²

Hesitations in the region should inspire proactive action from the United States. Washington finally has a chance to seize the initiative and position itself as a credible alternative to Beijing. It should act swiftly to provide meaningful contributions to the region that cement America's status as a trusted partner in South Asia and the broader Indo-Pacific.

Seizing the Initiative in South Asia

There are already some signs that the United States is moving in the right direction and receiving fresh interest from countries in South Asia. For example, despite pressure from China,³ protests,⁴ and significant disinformation,⁵ Nepal's parliament recently approved the \$500 million Millennium Challenge Corporation (MCC) grant, signaling that the new government is keen to improve ties with the United States. The change in government in Sri Lanka has also brought about a shift in the country's foreign policy, with President Ranil Wickremesinghe seeking closer ties with the U.S. as he works to secure Western assistance to navigate Sri Lanka's debt and economic crisis. Washington's ability to engage diplomatically across South Asia also reflects the stronger U.S.-India partnership, where India is more comfortable having a more robust U.S. presence in the region. For example, in 2018, the United States and India worked together to prevent democratic backsliding in the Maldives, and now, the U.S. is set to open its first standalone embassy in the country, continuing to build on recent developments, including signing a defense pact with the government of the Maldives.⁶

Clearly, there are green shoots for the United States in South Asia. But these shoots need tending to if they are to bear diplomatic fruit. This requires Washington to adopt a new strategy for engaging South Asia—one that is fit for a new era of strategic competition.

Calibrating a New South Asia Strategy

The foundation of a new strategy has to be a political commitment to the region, one that is backed up by presidential attention, substantive economic initiatives, and genuine public-private engagements. All three are scarce commodities in Washington, but they can yield outsize benefits if deployed judiciously in South Asia.

Ramp Up High-Level Engagement

Though South Asian leaders often come to the United States for the UN General Assembly, there is one glaring omission: the lack of interaction at the leadership level. Leaving aside Afghanistan, India, and Pakistan, a U.S. president has not had a bilateral meeting with a leader of the other South Asian countries in nearly twenty years. President Bill Clinton visited Dhaka in 2000,⁷ meeting with Prime Minister Sheikh Hasina; Nepali Prime Minister Sher Bahadur Deuba met President Bush in 2002 in the Oval Office;⁸ and Sri Lankan Prime Minister Ranil Wickremesinghe visited the White House in 2003.⁹ Since then, there have been no official visits by leaders from any of these countries. By contrast, Chinese President Xi Jinping visited Sri Lanka and the Maldives in 2014,¹⁰ Bangladesh in 2016,¹¹ and Nepal in 2019.¹²

These sorts of high-level visits matter. They are critical to sustaining U.S. interests and bilateral relations. Neglect, by contrast, opens up space for China to fill the void, and this can have dramatic consequences for the United States' security interests—as the Biden administration recently saw in the Solomon Islands. In this case, China was able to successfully leverage its influence with the Solomon Island president to get him to sign a security document, but also to deny permission to any U.S. military vessel seeking to visit the islands.¹³

The United States can mitigate the risk of a similar development in South Asia by spending the time and effort to engage these leaders at the highest level. Using the power of the Oval Office, Washington can invite leaders from Nepal, Bangladesh, the Maldives, and Sri Lanka for individual visits, which would be seen as a sign of respect. Additionally, the U.S. can work with India during its G20 Presidency in 2023 to highlight the importance of climate resilience in South Asia and mobilize the international community to drive timely action.

Economic Engagement

It may be tempting for the United States to try and use development financing as a major form of economic outreach to South Asia; however, this approach would be unwise. Washington lacks the appetite for big-ticket spending and it does not have the resources to match China dollar-for-dollar in the region. Moreover, in the current macroeconomic environment, extending loans to support local infrastructure projects may prove to be unwise—particularly if countries default.

Rather than copy the Chinese model, the United States should stick to its areas of strength and signature initiatives. The Indo-Pacific Economic Framework (IPEF), which is now under development, offers one promising pathway to engage the region over time.

Offering IPEF membership to smaller South Asian countries could be a short- to medium-term goal. Indeed, while these countries may not qualify for all four pillars of IPEF¹⁴—trade, supply chain resilience, clean economy, and fair economy—they may see opportunities to join one or more. The U.S. should not hesitate to wield the flexibility of IPEF to its strategic advantage in South Asia. This could be a prime opportunity to attract countries such as the Maldives,¹⁵ which has long been outspoken about the devastating effects of climate change, and Bangladesh, which is eager to diversify its exports from a heavy reliance on the garment sector.

Subnational Engagement

National-level diplomacy is critical to rebalancing America's South Asia strategy, but the long-term health of our bilateral relationships in the region rests on a diversity of actors—including those at the subnational level. Cultivating relationships between American and South Asian companies, civil society groups, and state-level governments will be critical going forward.

One key avenue to advance this goal is to promote visits by foreign leaders and diplomats to U.S. states and corporate headquarters. For example, Bangladesh already has close ties with U.S. companies such as Chevron and ExxonMobil due to its liquefied natural gas reserves; a trip to Austin to meet the governor of Texas or to Baton Rouge to meet the governor of Louisiana for a discussion on oil and gas extraction technologies would be substantive and memorable. Similarly, a trip to Silicon Valley can help these leaders understand how the American software ecosystem developed. Many South Asian countries are rich in tech talent, and they are eager to build their own software hubs and digital economies. Lessons learned from Silicon Valley may be of interest.

The Way Forward

The United States has a golden opportunity to gain ground in South Asia as it looks to compete with China in the Indo-Pacific theater. Seizing this opportunity requires Washington to broaden its field of vision to encompass all the countries in the region—not just the major powers and traditional hotspots. As countries navigate macroeconomic headwinds, Washington should continue to work with key partners in the region—including New Delhi—to manage the complex gamut of challenges facing South Asia. The Biden administration should move with speed and dexterity, recognizing that targeted assistance delivered in a moment of crisis can trump big-ticket spending by a competitor in times of plenty.

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- ² Deep Pal, “Bangladesh and Nepal Are Not Destined to Repeat Sri Lanka’s Mistakes,” Carnegie Endowment for International Peace, August 15, 2022, <https://carnegieendowment.org/2022/08/15/bangladesh-and-nepal-are-not-destined-to-repeat-sri-lanka-s-mistakes-pub-87674>.
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- ⁴ Biswas Baral, “Nepal Ratified the MCC Compact. What Now?” *The Diplomat*, March 14, 2022, <https://thediplomat.com/2022/03/nepal-ratified-the-mcc-compact-what-now/>.
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- ⁷ “Visits By Foreign Leaders of Bangladesh,” U.S. Department of State Office of the Historian, accessed November 23, 2022, <https://history.state.gov/departmenthistory/visits/bangladesh>.
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- ⁹ “Visits By Foreign Leaders of Sri Lanka,” U.S. Department of State Office of the Historian, accessed November 23, 2022, <https://history.state.gov/departmenthistory/visits/sri-lanka>.
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- ¹² “Xi Becomes First Chinese President in Two Decades to Visit Nepal,” VOA News, October 12, 2019, https://www.voanews.com/a/east-asia-pacific_xi-becomes-1st-chinese-president-2-decades-visit-nepal/6177503.html.
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