

## Press Release

### **Nepal, Sri Lanka, and the Small State Conundrum in South Asia amid India-China rivalry discussed during CSEP seminar**

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“I don't think India can be replaced as a partner on an economic, social, or cultural level, but China has gained a lot of ground at the political level in Nepal,” said Amish Mulmi, author, *All Roads Lead North: Nepal's Turn to China*, during a [seminar](#) on Nepal, Sri Lanka, and India-China competition in South Asia, organised by the New Delhi-based [Centre for Social and Economic Progress](#) (CSEP).

In the aftermath of the India-China conflict and the latter's growing influence in South Asia especially in Nepal and Sri Lanka, the seminar, organised under CSEP's [Sambandh: Regional Connectivity Initiative](#), assumes significance. The discussion, moderated by Constantino Xavier, Fellow, CSEP, featured Amish Mulmi, Author, *All Roads Lead North: Nepal's Turn to China*; Asanga Abeyagoonasekera, Author, *Conundrum Of An Island: Sri Lanka's Geopolitical Challenges*; Nilanthi Samaranyake, Director, Strategy and Policy Analysis Program, CNA; and Antara Ghosal Singh, Research Associate, CSEP.

The conversation focused on Nepal and Sri Lanka's outlook towards the increasing India-China rivalry in South Asia and what that says about small state behaviour amidst great power competition in the wider Indo Pacific.

#### **On Sri Lanka's strategic autonomy after China's inroads into the island**

Asanga Abeyagoonasekera started proceedings by talking about how his recent book, *Conundrum of an Island: Sri Lanka's Geopolitical Challenges*, delves into various themes, including traditional and non-traditional security threats, regional geopolitics, China's debt-trap diplomacy, and Sri Lanka's role in the Indian Ocean Region.

Referring to Sri Lanka as a prisoner of its geography, Asanga said that the best option for the country to leverage its geostrategic location is by ‘balancing’. “There is no way of choosing one side. We need to balance. If we lose balance, we will be inviting instability within domestic politics, as has happened in the past,” he warned.

Echoing these views, Nilanthi Samaranyake explained how it is not in Sri Lanka's interest to pick one great power over another. Historically, Sri Lanka has learned to balance its position, which has been a struggle but also a success.

#### **The role of the US in South Asia with increased Chinese influence**

Calling China's “aggressive inroads” into Sri Lanka in the last 20 years a “wolf-warrior type diplomacy,” Asanga further explained, “During Mike Pompeo's visit to Sri Lanka, this was very clear, where the Chinese Embassy directly commented on the visit. So, it is a different China in Sri Lanka, and it is playing a larger role. Sri Lanka, unfortunately, has lost the balance and is band-wagging with China, losing many agreements such as the MCC (of the US) and the light rail service (LRT) of Japan. This would increase in the future.”

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Contradicting the conventional notion that China's presence has increased geopolitical options for Sri Lanka, Asanga said that China has reduced the options because it undermines Sri Lanka's capacity to work with other countries."

Similarly, Nilanthi Samaranyake described Washington's changing perception of South Asia, noting the transformation in US-India ties over the last decade. "A shared threat perception of China has tightened a security relationship between the two countries, which means that India is no longer an obstacle between the US and smaller South Asian states.

### **Nepal's turn to China as its primary bilateral partner and equidistance with India**

Amish Mulmi drew on his own experience to talk about how "equidistance" has not necessarily guided Nepal's foreign policy, particularly post 2015. "India cannot be replaced on an economic, cultural or social level, but as a political alternative, China is here," he added.

Commenting on increased Chinese influence in Nepal, he explained, "China has done India a favour by waking it up to the importance of connectivity interdependence. Post-2020, India has invested a lot in post-earthquake reconstruction, and the Kathmandu-Raxaul railway is moving ahead better than expected."

Further describing Indian perceptions within Nepal, Mulmi added that the perception of India in Nepal is that it does not deliver on the aid projects it promises, a view encouraged by Nepali leaders for political reasons. "However, in the last five to six years after the economic blockade, India has shown its willingness to engage beyond the political realm; there is progress on the economic front and, thereby, course correction. It will take some time for this narrative to permeate to the local level," he said.

### **On Chinese presence and its impact on Nepali democratisation**

On the Chinese presence and its impact on Nepali democratisation, Mulmi said, "China's presence has allowed Nepal to take certain autocratic measures, more than before – an example of this is Prime Minister K. P. Sharma Oli's use of ordinances and the subversion of political institutions."

Speaking on the larger issue of China's relations with various South Asian countries, Antara Ghosal Singh added, "China's experience for a few years has been far from smooth sailing". According to Ghosal, one of the factors that deeply disturbed the Chinese is the perennial cycle of suspension and cancellation and price rise of the Chinese products in the South Asian countries. "China blames it on the South Asian countries, on what they call the unstable, polarised political environment, which is topped by a complex religious, ethnic and cultural setting. They often argue that the divided political situation in South Asia gives India the chance to influence the affairs in the region," she added.

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