

COMMENTARY

EU-South Asia relations in the 21st century: Rethink, reimagine, reshape



ASIA ([HTTPS://WWW.EPC.EU/EN/SEARCH?TAG=581](https://www.epc.eu/en/search?tag=581)) / COMMENTARY

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Amid the intense competition underway between the US and China and the increasing presence of Russia, China, Turkey, Iran and Britain in the Indo-Pacific, the EU must build better bilateral relations with all South Asian countries – and not just India. It should reassess its traditional trade and aid approach and use a strategic lens to upgrade its relations with the region, both bilaterally and via a region-wide approach.



A strategic region for the EU? Not yet

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The EU's bilateral relationships with South Asian countries form a complex mosaic of trade and aid ties, many of which are in dire need of updating and renewal. However, it

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rarely perceives South Asia from a regional lens.

As they focus on these bilateral ties and upgrade those with India specifically, Brussels and most EU member states fail to take a deeper, strategic view of a region which is home to two billion people, a rising middle class and – despite outdated and negative narratives about their economic performance – includes some of the world’s most resilient economies.

In seeking to enhance its role, presence and influence in Asia, the EU should pay more attention to South Asia’s geopolitical relevance; a strategic region that straddles – and connects – Eurasia and the Indo-Pacific.

EU policymakers traditionally argue that South Asia’s problematic internal political and security dynamics make it impossible to craft and implement a joint EU region-to-region approach. There is truth in this argument. Continuing adversarial relations between India and Pakistan cast a dark shadow over attempts at intraregional cooperation. The South Asian Association for Regional Cooperation (SAARC), set up in 1985 in Dhaka, remains largely ineffectual. Intraregional trade flows are trammelled by multiple tariff and non-tariff barriers.

A complex region

South Asia’s lack of internal cohesion is unlikely to give way to more cross-border cooperation in the coming years due to persistent and long-standing internal disputes and lack of political commitment. That should not, however, stop the EU from becoming more creative and moving beyond its current trade and aid-focused relationship with the region. On the lines of its Central Asian strategy, the EU could combine an upgrade of bilateral ties with individual South Asian nations with an approach that tackles common, region-wide challenges.

Another option would be to seek stronger engagement with the SAARC. Despite its shortcomings, the Association needs more EU attention, technical expertise and assistance, and the kind of political support that has contributed to strengthening the Association of Southeast Asian Nations’ (ASEAN) geopolitical profile (<https://www.epc.eu/en/publications/It-has-taken-time-but-the-new-EU-ASEAN-Strategic-Partnership-matters~3a2e88>).

Also, rebranding India as a key geopolitical player and possible counterweight to China’s growing political and economic presence and influence cannot be done without taking an equally fresh look at the important geostrategic role of other South Asian countries.

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While the EU – and, to a lesser extent, the US – has mostly directed its foreign policy towards other regions, South Asia increasingly attracts the attention of China, Russia,

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Turkey and Iran. Post-Brexit Britain is also upping ties with the region. If the EU fails to acknowledge the importance of South Asia, it risks being side-lined by other countries which have already invested consistent economic and political resources in the region.

Additionally, while the 'Great Game' in Afghanistan may have faded over the two decades of US and NATO presence, a resurgence of geopolitical and regional rivalries is to be expected in the country once US troops withdraw in September. This puts EU investments in Afghan state-building, women's rights and education at risk.

Economic resilience...

Over the past years, South Asia has experienced dynamic economic growth while gaining strategic significance rapidly, thanks to its unique position in the traditional crossroads of Europe and Asia.

The World Bank projected earlier this year that growth in the region (<https://www.worldbank.org/en/region/sar/publication/south-asia-vaccinates-south-asia-economic-focus-spring-2021>) would increase by +7.2% and another +4.4% in 2022, climbing from historic lows in 2020 and putting the region on a path to economic recovery. However, this upbeat forecast is expected to be revised in the wake of the devastating COVID-19 crisis in India and Nepal and its fall-out in South Asia more generally.

Already in 2020, businesses across the region were badly hit by the pandemic as millions of workers (mostly in the informal sector) reeled from job losses, falling incomes, worsening inequalities and human capital deficits. Still, as most South Asian countries begin to roll out vaccines for their populations – some faster than others –, there are hopes that the pandemic will soon be brought under control, allowing their economies to rebound.

... but also trade fragmentation

The expectation is that South Asian governments would build on these strong fundamentals and connect markets and people eagerly to enjoy region-wide prosperity. And yet, such cooperation has not taken off. The SAARC continues to underperform, largely due to enduring adversarial relations between India and Pakistan. Initial hopes that the COVID-19 crisis would spark more cooperation following the first SAARC virtual meeting in early 2020 were short-lived.



Regretfully, opportunities for such cooperation remain limited as border disputes heat up. All countries in the region are also seeing a rise in religious divides and widespread discrimination against ethnic minorities.

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The EU should use the improved EU–India relations, as well as its Connectivity and upcoming detailed Indo-Pacific strategies, to expand its engagement with all South Asian countries by addressing common problems (e.g. security, health, climate change, connectivity). So far, a pragmatic and flexible country-specific EU approach has seemed to be the only practical way to deal with a region as complex as South Asia. But, regardless of whether the SAARC works or not, EU policymakers should also draw up an outlook that recognises South Asia’s shared challenges and sets out a vision to engage with the region as a whole.

The EU can and should engage post-Brexit Britain in any new approach it develops for South Asia. It should also promote civil society actors in the region, including think tanks, to interact more actively.

Reimagining the EU’s role in South Asia will not be easy. But stronger engagement and affirmation of the EU’s interest in the region would send an important political message to the latter’s eight governments.

A dual-track in the right direction

The EU cannot force the pace of South Asian regional integration. That is likely to remain a painstakingly slow process. It will require a dual-track approach under which the EU continues to upgrade its bilateral relations while simultaneously taking a broader view of the common challenges posed by climate change, terrorism, health and digital cooperation, maritime security, poverty and inequality.

If it is successful, by underlining that in today’s interdependent world, threats are common and solutions can only be found collectively, the EU could help instil a new regional awareness among South Asian governments, businesses and people. That would be the right step in the right direction.

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