

Will COVID-19 Reverse Regional Connectivity? Perspectives from South Asia

May 2020

- On May 13, 2020, Brookings India organised a Foreign Policy & Security Studies [webinar](#) panel discussion, “Will COVID reverse regional connectivity? Perspectives from South Asia.”
- The panel featured **Munir Khasru**, Chairman, Institute for Policy, Advocacy, and Governance, Bangladesh; **Dr. Dinusha Panditaratne**, Non-Resident Fellow, Lakshman Kadirgamar Institute, Sri Lanka; **Dr. George Varughese**, Senior Strategic Advisor, Niti Foundation, Nepal.
- The panel was moderated by **Dr. Constantino Xavier**, Fellow, Foreign Policy and Security Studies, Brookings India. In attendance were over 100 participants from around the world who tuned in via Zoom and YouTube.

Responses from South Asia

Dinusha Panditaratne provided an overview of Sri Lanka’s decisive approach to controlling the spread of the virus, through border controls and curfews and overall strong statist approach, which has garnered a high degree of public support.

With regard to protectionism, she suggested that, “here, the outcomes are being driven by the economic realities [...]the health outcomes have been relatively good so far, what has been pretty devastating is the economic outcomes.” She pointed out how Sri Lanka’s high debt levels (the ceiling of which will soon be breached) and the need to service that debt coupled with its low foreign currency reserves was the backdrop behind the imposition of strong import controls. She suggested that it was driven by pragmatism rather than ideology, while highlighting the underlying paradox that Sri Lanka’s yet to resolve regarding its central global location and its relative ambivalence towards the outside world for historical reasons.

Munir Khasru discussed Bangladesh’s lack of diversification of its production causing economic issues, citing that the COVID-19 crisis has in a way helped underline the need to diversify Bangladesh’s export portfolio. He pointed out the potential that exists in the neighbouring region of Bangladesh, “if we can start taking advantage of North East connectivity and also the regional exchange, we have a better chance of weathering this pandemic.”

George Varughese emphasised Nepal’s transition “from a very centralised state to a federalised state” under Nepal’s new governance structure, and the challenge posed by this process being concurrent with disasters ranging from the recent earthquake to the Coronavirus. He linked this to Nepal’s more muscular response, including, for example, imposing a lockdown before India. He suggested that on the whole, the federalism has made the policy response much more compassionate at the same time the narrow window of politics in Kathmandu itself has limited policy space.

SAARC & BIMSTEC : An opportunity for regional institutions?

When talking about the institutional responses and role of bodies like the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), Khasru cautioned against BIMSTEC becoming an alternative to the South Asian Association for Regional Cooperation (SAARC). He acknowledged the perception of BIMSTEC being used by India to push a SAARC agenda without having to deal with Pakistan, but saw this as a limited view. He added that India needs to find a smarter strategy and make it more inclusive” to counter the image of BIMSTEC as being simply a second prong, and mostly India-led, especially when contrasted with moves by China. On SAARC, he suggested that, “until at the political leadership level you have a kind of real commitment, things may not pick up at the kind of pace we expect.” He added, “close to two billion people are held hostage because of two countries, imagine the sort of connectivity and trade gains we could have made.”

Panditaratne talked about the mood of perplexity amongst people as to why central regional organisations have not been able to play a more central role, including not just SAARC but BIMSTEC as well, which has a specific mechanism dedicated to Public Health. She said, SAARC, for example, “could prioritise medical treatment of COVID to ensure that any eventual vaccine or any eventual medical treatment is accessible throughout South Asia as opposed to in the production centres.” She added that the Indian Ocean Rim Association (IORA) has high potential compared to SAARC or BIMSTEC due to geographical proximity but also countries such as Australia, Singapore which are member countries in IORA would help better push the agendas for greater geo-economic collaboration.

India’s role in the future of connectivity

In discussing the future of connectivity, Varughese talked about how “India has a huge role to play in promoting connectivity

just among the states of South Asia without any necessary monetary benefit to India that's direct," i.e. connectivity for the sake of connectivity. He added, "India could take an initiative and become a major supplier of the testing kits as the region stands suspicious of Chinese kits."

Panditaratne while discussing China's role as a "physical infrastructure provider" sees an opening for India to come in as a "digital infrastructure provider" in the form of e-commerce, internet penetration, mobile, and smart-phone rates. She suggested, however, that, "[India] would need to act very fast, because China is already in that space."

Khasru saw some low hanging fruits (in terms of costs and efficiency) amongst possible connectivity options, including sharing of best health care practices and knowledge transfers. In this respect, India should be playing a central role, given India's size and "role as a magnet that attracts attention from around the world." He appreciated the initial move by India to initiate a SAARC meeting on COVID-19, but suggested that stronger action might have been necessary to coordinate bilaterally with Pakistan to present a more active front. He cited the various SAARC initiatives like the 'SAARC Food Bank' and 'SAARC Agricultural Centre' lying dormant, and how goodwill could be utilised by simply activating them.

Varughese when discussing the impact on infrastructure development in the future, talked about the pattern of Nepali companies allying with Chinese builders winning outbids over those that allied with Indian builders, something that could be a cause for introspection.

Geo-economic alignments in the time of COVID

The webinar focused on the implications of COVID-19 and other contemporary issues on the future of geopolitics in the region and in relation to the rest of the world. Panelists compared the different normative models of connectivity being offered by

both the Belt and Road Initiative (BRI) and the Indo-Pacific. Panditaratne discussed the Millennium Challenge Corporation (MCC) grant as well as the USD 500 million assistance by the Chinese. She said, "Sri Lanka is now saying we need to fund new infrastructure by equity, rather than debt."

Varughese in talking about COVID-19, suggested that a post-COVID-19 world particularly with respect to Nepal, needed to move beyond the term "equidistance" to a more sophisticated discussion on Nepal's foreign policy and regional relations with India and China.

Khasru when discussing the future of geopolitics with respect to Bangladesh cited the implications of a much more secure border that now exists between Bangladesh and India and how in some instances the long-standing friendship between the two nations hasn't materialised in meaningful ways. This includes resolutions on the longstanding Teesta issue as well as the fallout from the new NRC issue. He suggested that, "at the political/administrative level... there needs to be confident building measures and it has to be led by India." Discussing the Rohingya issue for instance, he discussed Bangladesh's resource-constrained nature and the need for India to step up and do more particularly in light of China's role in mediating between Myanmar and Bangladesh.

When discussing global institutions from a Sri Lankan perspective, Panditaratne described both global institutions and individual countries like India and China as being "complementary" not exclusive to Sri Lanka's culture. She saw the potential for an actual increase in global institutions playing a role in Sri Lanka's development, especially if led through private equity approaches, she cited that, "Sri Lanka has received USD 84 billion worth of medical supply from the WHO."

Watch the full video:

<https://www.youtube.com/watch?v=-2tBAsOhw3o>



(From L to R): Dr. Constantino Xavier, Fellow, Foreign Policy and Security Studies, Brookings India; Dr. Dinusha Panditaratne, Non-Resident Fellow, Lakshman Kadirgamar Institute, Sri Lanka; Dr. George Varughese, Senior Strategic Advisor, Niti Foundation, Nepal; Munir Khasru, Chairman, Institute for Policy, Advocacy, and Governance, Bangladesh.

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