

# ISPI

ISTITUTO PER GLI STUDI  
DI POLITICA INTERNAZIONALE

**QUADERNI**



*OSSERVATORIO ISPI-BOCCONI SULLE OPPORTUNITÀ GLOBALI*

**L'evoluzione  
della geopolitica  
dell'Asia meridionale**

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**Executive Summary**

Southern Asia is gaining an ever more central role in the world order: economically as a result of liberalisation and growing economic and trade integration; and politically since the recent international tensions and conflicts related to terrorism have contributed to a reassessment of the international system of strategic alliances. India and China, two huge countries that are experiencing political reforms and gradually becoming more open and market-oriented, have the potential to become the driving forces of Asia's economic growth, and are fundamental to regional stability and to global strategic equilibrium.

At the beginning of the 1990s India was one of the world's most protected and closed economies, as a result of the post-independence policies aiming at self-sufficiency, which on the one hand sustained the development of a domestic science and technology sector, but on the other hand contributed to the worsening of public finances leading up to the financial crisis of 1991. During the 1990s the government reduced external protection and began the process of internal liberalisation and privatisation, with the approval of international institutions. However, despite an active participation in the Wto, where India represents the interests of developing countries, India remains a closed economy that is largely excluded from the increasing integration into global production networks that characterises other Asian economies, most notably China. Recently, the rise of nationalist and populist movements has posed a threat to the continuation of reformist policies, and to the traditionally peaceful coexistence between India's different religions.

The competitive relationship between India and China, contenders in the quest for regional leadership, is still influenced by the unresolved conflict in the area of Kashmir, the Indian region with a Muslim majority that is contested between India and Pakistan, both countries with a nuclear capacity. Hitherto, China has lent its support to Pakistan, besides being suspected of sustaining secessionist movements in Nepal and some Indian regions, with the possible objective of destabilising and containing India's emergence as a regional power.

The events of September 11th and the following war against terrorism, have

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fundamentally altered the geopolitical equilibrium in the region, modifying the relations and strategic interests of the US primarily, but also of Russia, China, India and Japan, each called upon to adopt a position relative to the new security environment and to the intervention in Afghanistan. The events have allowed the US to increase its military presence in Central Asia and to justify the new foreign policy doctrine of preventive war, which after an intervention in Iraq might warrant further actions aimed at disarming hostile regimes such as North Korea. In Asia the events have raised the demand for China to act as a regional stabiliser, and the perceived shift in the balance of interests might also open new possibilities to resolve regional conflicts, such as the issue of Kashmir.

In the new world order that is under construction, the role of Europe is as unclear as its inability to unite along a common policy is apparent. According to one scenario, this could be due to an intentional American strategy to divide and marginalize the old continent, to avoid the emergence of an opposing coalition and to allow the US to proceed with the containment of other emerging regional powers. In another scenario, the desire to counterbalance the US hegemony could push a more united Europe towards closer co-operation with Russia and the near Middle East, and to cultivate the relationship with China and South-Eastern Asia. In today's political and strategic context, which appears highly uncertain and fluid, the world is increasingly looking upon Asia to help resolve religious and territorial conflicts and to provide a significant source of economic growth. The ability of Asia to respond to these challenges could depend upon the emergence of a stabilising regional leader and the systematic promotion of regional interdependence through economic and trade integration.