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Deciphering Hedging: A Comparative Analysis of the Foreign Policy Behaviour of Bangladesh, Nepal, and Sri Lanka

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Abstract: *This study examines the foreign policy behaviour of Bangladesh, Nepal, and Sri Lanka through the lens of Kuik’s three-feature framework of hedging: eschewing rigid alignments, pursuing contradictory measures to manage risks, and fostering inclusive diversification for fall back options. While historically associated with the Non-Aligned Movement, the foreign policies of these South Asian states have evolved in the post-Cold War era amidst intensifying major power rivalries, particularly involving India, China, and the United States. This research assesses each country’s empirical actions to determine the extent to which their strategies align with contemporary hedging behaviour. Findings reveal that all three states engage in strategic ambiguity, leveraging economic and military cooperation with competing powers without entering binding alliances. However, their approaches differ: Bangladesh demonstrates significant economic and military leverage despite recent instability; Nepal adopts cautious flexibility due to its geographic constraints; and Sri Lanka, while strategically located, faces greater external scrutiny and internal limitations. The analysis underscores that hedging enables these small states to protect autonomy and maximize benefits amidst geopolitical competition, but their capacity to hedge effectively depends on internal stability, economic strength, and diplomatic agility.*

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1.0 Introduction

1.1 Background

The South Asian region has long been a geopolitical theatre for major power rivalries. Thus, the South Asian states hold significant importance as major powers including India, China, and the United States, attempt to draw them into their respective spheres of influence. Given this dynamic, it is particularly compelling to examine the foreign policy behaviours of these South Asian states.

This study focuses on three Small South Asian States: Bangladesh, Nepal, and Sri Lanka. Historically, these states have been closely associated with the Non-Aligned Movement (NAM). The NAM traces its origins to the Bandung Conference, held in April 1955. Since then, these states have upheld the doctrine of non-alignment, despite their foreign policies occasionally leaning closer to great powers. However, this commitment to non-alignment was deeply rooted in the Cold War context, where these newly independent states sought to assert their sovereignty and avoid entanglement in the geopolitical rivalries of the time.

However, with the conclusion of the Cold War, the relevance and identity of the NAM in the 21st century has been questioned by contemporary scholars. In this post-Cold War era, with the shifting of global power dynamics and emergence of new challenges, the purpose and identity of non-alignment has become less relevant.

Recent studies have increasingly categorized these South Asian states as practicing hedging: a more contemporary and complex strategy of international relations (Kuik, 2021; Manatunga, 2023; Lim & Mukherjee, 2019)

Hedging, a concept that still remains under-theorised (Medeiros, 2005; Ciorciari & Haacke, 2019; Kuik, 2021), is generally characterised by a state's behaviour that sends mixed signals, combining both cooperative and confrontational elements (Medeiros, 2005; Kuik, 2008; Tunsjø, 2017). States engaging in hedging express willingness to engage in multiple partnerships simultaneously, often with competing powers. It emphasises a deliberate approach of not taking sides, maintaining flexibility between competing powers to protect a state's autonomy and strategic interests. Scholars examining the hedging behaviour of states, argue that it involves creating ambiguity, signalling both caution and cooperation, and maintaining a fallback option in case relations with one country deteriorate (Kuik, 2008; Kuik, 2021; Medeiros, 2005). This approach explains the tendency of greater powers to often discourage smaller states from hedging and instead pushing them to choose a side (Kuik, 2021).

The aforementioned South Asian states are commonly categorized by scholars as 'hedging states' (Kuik, 2021; Manatunga, 2023; Kandaudahewa, 2023). While many scholars classify these states as engaging in hedging, it is Kuik who developed a clear framework with three core features: avoiding rigid alignment, pursuing contradictory policies, and inclusive diversification (Kuik, 2021). Hedging involves combining these approaches in tandem, making it important to examine how each selected state in this study performs under each feature and how they differ while still being classified as engaging in hedging.

The central aim of this study is to assess whether the empirical data aligns with the adapted version of Kuik's proposed framework for hedging. It then provides a critical analysis of the compiled data, supplemented by an analysis of the foreign policy behaviour of Bangladesh, Nepal, and Sri Lanka.

1.2 Theoretical Framework

Scholars offer varied perspectives on both non-alignment and hedging, from Phadnis and Patnaik (1981), Bhattacharya (2024), and De Silva (2024) on non-alignment as a foreign policy stance, to Goh (2005), Ciorciari (2010), and Wang (2021) on differing definitions of hedging, yet no single framework for hedging has achieved consensus. Accordingly, this section draws primarily on Phadnis and Patnaik, Bhattacharya, and De Silva (2024) to delineate non-alignment as a foreign policy posture, while employing Kuik's (2021) three-feature model, supplemented by insights from Goh (2005), Ciorciari (2010), and Lim and Mukherjee (2019), to construct a clear, structured approach to deciphering hedging. These concepts, taken together, provide the foundation for assessing whether the foreign policy behaviours of the selected countries align more closely with a traditional non-aligned stance or constitutes a deliberate hedging strategy.

1.2.1 The Non-Aligned Movement and Non-Alignment as a Foreign Policy Posture

The movement of non-alignment emerged in the aftermath of World War II as a response to the transformative changes in the international system, particularly during the Cold War (Ministry of Foreign Affairs of the Republic of Belarus, n.d.; Munro, 2015). While it is often defined as staying out of the two power blocs; the USA and the USSR, this simplistic view fails to capture the broader ambition of challenging and reshaping the world order. Such a narrow definition also risks blurring the distinction between Non-Aligned countries and neutral nations like Switzerland, or those that remain outside alliances for other reasons, like Albania (Mates, n.d.). Although the terms "Non-Aligned Movement" and "non-alignment" are often used interchangeably, it is important to distinguish between them (Lakshman Kadirgamar Institute, 2024). The Non-Aligned Movement refers to a coalition of Third World countries, while non-alignment is a principle prompted from that movement.

The Non-Aligned Movement (NAM) emerged as a collective movement representing Third World countries (A term coined during the Bandung Conference in April 1955) with the primary objective of creating a platform for developing nations to assert their voice on the global stage, promoting equitable participation and cooperation among states while resisting the domination of the two major power blocs of the time. Even though the Cold War has ended, NAM remains active, as evidenced by the recent 19th NAM Summit in 2024.

However, the principle of non-alignment is not solely defined by the NAM's stance. To fully grasp the essence of non-alignment, separate from the movement, beyond merely avoiding alliances, it is essential to examine the key documents that outline its principles and policies.

According to Phadnis and Patnaik (1981) while non-alignment contains an ideological component, it functions fundamentally as a foreign policy strategy, particularly for states that

perceive themselves as weak and vulnerable in the face of more powerful nations. This strategy operates at multiple levels: intra-state (domestic), inter-state (between states), and trans-state (among developing countries). At the intra-state level, non-alignment helps ruling elites maintain stability; at the inter-state level, it enhances a state's maneuvering power; and at the trans-state level, it fosters cooperation among developing countries to pursue common goals in the international system.

The principle of non-alignment essentially means refraining from joining any formal security alliances. According to Bhattacharya (2024), true non-alignment implies no meaningful security cooperation with any single power. A non-aligned country may participate in joint exercises or training, yet typically does not allow great powers access to defence facilities on its land, even on a commercial basis. However, it could occasionally exchange defence delegations and share specific intelligence with a great power.

Further, issue-based or multi-alignment partnerships mean fewer obligations and a less binding security arrangement, such as preferential arms sales agreements, cooperative training exercises, and other military assistance. These relations are typically open and do not come with an obligation to conduct joint exercises or any promise of military support in times of crisis. Rarely do multi-alignments grant advantages to a major power. Instead, great-power allies may enjoy commercial access to military installations and some level of technical or logistical support. Contemporary American relations with Egypt, Jordan, and Saudi Arabia are a few examples (p.7-8).

As per De Silva (2024), Non-alignment, as a foreign policy approach, implies avoiding rigid alignments with any major power or power bloc. However, since the non-aligned foreign policy stance is often associated with and used interchangeably with the Non-Aligned Movement, it can be misunderstood as implying that all non-aligned countries collectively and unanimously follow the same approach. In reality, non-alignment is an independent foreign policy posture. Thus, being non-aligned means the absence of any binding alignments with major powers while simultaneously maintaining friendly relations with all (Phadnis & Patnaik, 1981).

Bangladesh, Nepal, and Sri Lanka have long been identified as having a non-aligned foreign policy approach. Despite these claims, recent literature increasingly identifies foreign policy behaviour of the aforesaid countries as a hedging approach (Kandaudahewa, 2023; Lim & Mukherjee, 2019; Bastola, 2025; Manatunga, 2023).

1.2.2 The Concept of Hedging

Hedging is a complicated and often contested concept in the field of international relations. The term, originally adopted from finance to describe a strategy for limiting investment risks, has been applied to international relations as scholars seek to define emerging foreign policy behaviours. Hedging remains an under-theorized and vaguely defined concept in the field of International Relations, as noted by scholars such as Jones and Jenne (2022) and Ciorciari and Haacke (2019). This lack of comprehensive theoretical development has resulted in the

absence of universally accepted criteria for identifying whether a state is adopting a hedging strategy in its foreign policy. Consequently, analysing and categorizing state behaviour as hedging often depends on subjective interpretations or varying frameworks, making it challenging to establish clear, consistent indicators for this strategic approach.

Goh (2005) defines hedging as a set of strategies aimed at avoiding (or planning for a set of strategies aimed at avoiding (or planning for contingencies in) a situation in which states cannot decide upon more straightforward alternatives such as balancing, bandwagoning, or neutrality. Instead, they cultivate a middle position that forestalls or avoids having to choose one side [or one straightforward policy stance] at the obvious expense of another. (p. 2)

According to many scholars, hedging is a state's conduct where it adopts a middle stance between the clear-cut strategies of "Balancing" and "Band wagoning". This strategy is a mix of selective involvement, limited opposition, and partial deference (Lake 1996; Green 1999; Johnston and Ross 1999; Medeiros 2005; Goh 2005; Kuik 2008, 2020). Hedging has been identified as the third strategic choice in parallel to balancing and Band wagoning (Wang, 2021).

Fiori and Passeri (2015) describes hedging as "a set of multidimensional insurance and engagement policies adopted by small actors in their relations vis-à-vis great powers that avoids the choice of one side at the obvious expense of another as well as one more straightforward policy stance such as in the case of classic balancing or bandwagoning" (2015, p. 683). Accordingly, hedging is a deliberate strategy used by smaller states to maintain flexibility in their relationships with great powers. This approach ensures that states do not fully commit to either balancing against or aligning with one power.

He and Li (2020) has conceptualized hedging closely to its original meaning as a risk contingency measure, involving "investing in more than one party to offset potential loss" (2020, p. 3). Here the focus is on the financial roots of the term, applying it to foreign policy as a way to mitigate risks by diversifying relationships with multiple powers.

John Ciorciari and Jürgen Haacke (2019) highlight how the existing definitions "stretches the idea of hedging too far" to "encompass any strategy that mixes cooperative and self-protective elements" (2019, p. 370). Due to its increasing use in the foreign policy community, it is essential to clearly understand this debated concept and its components (De Silva, 2020). The various definitions of hedging underscore different facets of the concept, reflecting its composite nature. However, there is no single definition that integrates all of these aspects. Kuik builds upon these fragmented understandings and conceptualizes hedging as a composite strategy that integrates three features. In his paper titled 'Getting hedging right: a small state perspective' Kuik (2021) defines "hedging" as "an insurance-seeking behaviour under situations of high uncertainty and high stakes, where a rational state avoids taking sides and pursues opposite measures vis-à-vis competing powers to have a fallback position". Kuik's (2021) conceptual model identifies three distinct features of hedging: "(a) an insistence on not taking sides or being locked into a rigid alignment; (b) attempts to pursue opposite or contradicting measures to offset multiple risks across domains (security, political, and

economic); and (c) an inclination to diversify and cultivate a fallback position” (p.7). Thus, Kuik establishes a three-feature framework, providing a structured approach to analysing hedging strategies. This framework serves as a valuable tool to evaluate how states strategically navigate uncertainties and power asymmetries in international relations.

After analysing the defining features of hedging and non-alignment as foreign policy postures, as well as reviewing studies that have applied Kuik’s three-feature model to foreign policy behaviours, the author carefully examined the examples used to demonstrate each feature of Kuik’s approach. Based on this analysis, the author developed the following framework to assess the foreign policy behaviours of Bangladesh, Nepal and Sri Lanka and determine whether they align with a hedging strategy, as claimed by the growing body of literature.

1.2.2.1 Eschewing Rigid Alignments

A defining characteristic of hedging is that a state intentionally avoids committing to any rigid alignment, allowing engagement with multiple powers in a manner that preserves its options. This underscores hedging as an example of active neutrality: rather than abstaining from alliances, states actively manage relationships with various powers, balancing cooperation and confrontation as needed (Kuik, 2021). This impartial stance can manifest across various areas, such as a state’s response to armed conflicts among major powers or its voting patterns in the UN (Manatunga, 2023).

This study will examine whether the countries; Bangladesh, Nepal, and Sri Lanka are part of any rigid military alliances with major powers as forming or joining military alliances with major powers automatically places a state within that particular major power’s sphere of influence, compromising its independent stance. Such alliances inevitably position the state as either balancing against or bandwagoning with these major powers. However, this does not imply that smaller states should avoid military relations with major powers; rather, the opposite is true. Although these are not binding alliances, these selected states maintain close military ties with major powers. The key to an effective hedging strategy, and to avoid being perceived as aligned with any single power, lies in fostering relations with multiple major powers while avoiding favouritism.

A state practicing hedging maintains security cooperation with multiple powers but refrains from exclusive security commitments. While it may engage in joint exercises, training, or preferential arms agreements, it typically avoids allowing major powers to station forces at its bases. Instead, it may offer limited commercial access to facilities and logistical support without obligations for joint action or crisis support. This approach ensures that the country retains flexibility without appearing aligned with any one power.

Consequently, to review each state’s military and defence cooperation with the major powers, this study draws on three factors that are brought together within a single analytical framework.

- **Not Granting of Military Base Access:** This study will examine whether Bangladesh, Nepal, and Sri Lanka have granted military base access to any major powers, as such

an act signifies a close relationship with that power, nearly equivalent to an alliance. For a hedging state, allowing one major power extensive military access indicates a stronger alignment with that power over others. Even if the state engages in joint military exercises, training programs, or sources military equipment from multiple powers, granting base access overshadows these collaborations, signalling a clear inclination that may compromise the neutrality intended in hedging.

- **Joint Military Exercises:** This study aims to assess the frequency of joint military exercises with multiple states, as these indicate the level of active military engagement. Regular joint exercises with diverse powers suggest a hedging approach.
- **Defence Equipment and Procurement:** This study will examine the sourcing of military equipment by Bangladesh, Nepal, and Sri Lanka from multiple countries, as it serves as an indicator of hedging by reflecting efforts to diversify dependencies and avoid over-reliance on a single state.

1.2.2.2 Inclusive Diversification for Fallback Options

This study designates this feature as the second in sequence, as it enables a more coherent explanation and analysis of the subsequent feature which focuses on attempts to pursue opposite or contradicting measures to offset multiple risks across domains.

In hedging, states seek to cultivate a fallback position in case one relationship with a power deteriorates, allowing them to pivot to another major power if needed. This involves the diversification of partnerships (inclusive diversification) to ensure that if relations with one power sour, the state still has support or leverage from another (Kuik, 2021; Lim & Mukherjee, 2019). This feature aligns with the ambiguity and insurance aspects of hedging, as states maintain relationships with multiple powers without committing fully to any. The strategy allows states to navigate uncertainty by spreading their risks. To avoid excessive reliance on a single major power, smaller states diversify their relationships with other countries. Lim and Mukherjee (2019), assesses that this approach helps them protect or mitigate the costs to their autonomy when engaging with larger powers.

The study will thus explore whether the foreign relationships of the selected states demonstrate inclusive diversification and the methods through which this diversification is achieved, by applying the following criteria.

- **Diplomatic Relations:** This study will analyse how hedging states, including Bangladesh, Nepal, and Sri Lanka, diversify their relations among major powers, emerging powers, and other countries across regions worldwide, as part of their strategy to maintain balance and flexibility in foreign policy.
- **High-Level Visits:** This study will evaluate whether the hedging states host and conduct high-level visits with all three major powers without exclusivity, reflecting a balanced and non-aligned approach in their diplomatic engagements.

1.2.2.3 Pursuing Contradictory Measures to Manage Risks

The deliberate pursuit of contradictory policies is central to creating the ambiguity that defines hedging. Through this strategy, the hedging state intentionally fosters uncertainty and sends mixed signals about its alignment preferences (Kuik, 2008; Kuik, 2021; Medeiros, 2005). This approach involves a sequence of policies that mix cooperation and confrontation with the same major power across various domains.

In essence, if the hedging state supports a major power in one area, it may simultaneously take actions that challenge or oppose that same power, either within the same domain or in others (Manatunga, 2023). By doing so, it prevents major powers from accurately predicting its future alignment choices. Ultimately, this intentional ambiguity allows the hedging state to maintain flexibility, gain benefits from multiple relationships, and safeguard its autonomy amid an uncertain power landscape.

This feature can be identified by observing actions undertaken by the hedging states that prevent the competing power/s from concluding that the particular country is aligned with its opponent. This approach ensures that each powerful state sees the hedging state as a reliable, flexible partner rather than one that has chosen sides.

1.3 Analytical Framework

The following table provides a structured summary of the theoretical framework, outlining its key components and their interactions for clearer interpretation.

Table 1: Analytical Framework for Assessing Sri Lanka’s Foreign Policy (Based on Kuik’s Three-Feature Hedging Model)

Hedging Feature	Key indicator/s	Description
Eschewing Rigid Alignments	Not Granting of Military Base Access	Examines whether the 3 countries have granted military base access to major powers, as this indicates a significant alignment.
	Joint Military Exercises	Assesses the diversity of joint military exercises with multiple states as an indicator of balanced military engagement.
	Defence Equipment and Procurement	Evaluates the selected countries’ sourcing of military equipment from multiple countries to assess diversification in military dependencies.
	Diplomatic Relations	Analyses how diversified the selected countries’ diplomatic relations are

Inclusive Diversification for Fallback Options		with major and emerging powers across regions.
	High-Level Visits	Reviews the inclusivity of high-level visits with major powers to gauge diplomatic balance.
Pursuing Contradictory Measures to Manage Risks	Policy Contradictions in Different Domains	Identifies instances where the selected countries engage in policies that mix cooperation and confrontation with the same major power in the same or different domains.
	Strategic Ambiguity in Alignment Signals	Examines whether the selected countries' actions create uncertainty about their alignment preferences, maintaining flexibility in foreign relations.

Source. Created by author (2024)

2.0 Examining the Foreign Policy Behaviour of Bangladesh, Nepal, and Sri Lanka through a Hedging Framework

This study will analyse the foreign policy behaviour of the selected small South Asian states; Bangladesh, Nepal, and Sri Lanka, by applying the three defining features of hedging as proposed by Kuik (2021). As outlined in the previous section, this study has identified specific points for analysis to determine how these South Asian states exhibit characteristics of hedging.

2.1 Bangladesh

Bangladesh, a densely populated South Asian state, is strategically nestled between India, Myanmar, and the Bay of Bengal, positioning it at the crossroads of two Asian giants; India and China. Additionally, Bangladesh serves as a crucial bridge between South Asia and Southeast Asia, enhancing its geopolitical significance in the region. Bangladesh's foreign policy has evolved significantly since its independence in 1971, shaped by its strategic location in South Asia and the complex interplay of regional and global powers. Recently, the nation has witnessed significant upheaval with the rise of popular movements and the fall of the Hasina government (MacDonald, 2024), events that add a new layer to its political landscape and influence its evolving foreign policy behaviour.

As a country striving for economic growth and security, Bangladesh faces the challenge of navigating its relationships with major powers including India, China, and the U.S. India views Bangladesh as a key strategic partner for securing its north-eastern borders and countering China's growing influence in South Asia. As India's largest trading partner in the region, Bangladesh plays a pivotal role in both India's 'Neighbourhood First' and 'Act East' policies, underscoring its importance in India's broader geopolitical and economic strategies (Bose, 2023). Meanwhile, China is investing heavily in Bangladesh, especially in infrastructure and

military sectors, aiming to reduce India's regional influence (Rizve, 2024). Bangladesh has also sought to strengthen ties with the USA, particularly in defence cooperation, viewing it as a way to balance relations between India and China (Anwar, 2022). The U.S., in turn, views Bangladesh as an important partner in its Indo-Pacific strategy, particularly due to its strategic location in the Bay of Bengal (Islam, 2023).

Bangladesh's foreign policy is rooted in the principle of "Friendship to all, malice to none," as articulated by the country's founder, Bangabandhu Sheikh Mujibur Rahman (Momen, n.d.). It is derived from the provisions outlined in the Constitution of Bangladesh. These provisions and the core principles of the Non-Aligned Movement (NAM) compliments each other, reflecting a shared commitment to sovereignty, independence, and peaceful coexistence. However, while these affiliations are firmly established in official documents, it is essential to look beyond mere rhetoric. This analysis will therefore employ the three parameters proposed by Kuik for a more nuanced perspective.

(a) Eschewing Rigid Alignments

- Not Granting of Military Base Access

Bangladesh has so far avoided any rigid military alliances or granting military base access to any of the major powers. However, discussions have emerged regarding potential base access for both China and the U.S. Previously, under Prime Minister Sheikh Hasina, China began constructing a submarine facility in the Bay of Bengal, with reports suggesting it might offer operational access to the Chinese navy (Nair, 2023). Allegedly, the U.S. had offered Hasina support for a smooth re-election if she ceded control of Saint Martin Island, a strategic location that would allow the U.S. a stronger presence in the Bay of Bengal (Dincel, 2024). Following the recent political transition after the end of Hasina's regime, there are renewed speculations regarding the U.S.'s vying for military base access in Bangladesh. Should Bangladesh grant such access to either nation, it would mark a shift away from its hedging approach, thus leaning toward the power that secures this access.

- Joint Military Exercises

Bangladesh participates in *joint military exercises* with all three major powers. With India, Bangladesh has the Sampriti joint military exercise which was launched in 2009 and held alternately in India and Bangladesh (Admin, 2020). Sampriti focuses on interoperability through joint tactical drills. The 11th edition, Sampriti-XI, was held from October 3–15, 2023, at Umroi Cantonment, Meghalaya, with around 350 participants (PIB Delhi, 2023). Since 2019, the Bongo Sagar, an annual joint naval exercise, designed to enhance interoperability and joint operational skills and exercises involving coordinated maritime drills in the Bay of Bengal have also been held. Aligned with India's SAGAR (Security and Growth for All in the Region) vision, Bongo Sagar underscores the Indian Navy's commitment to supporting the Bangladesh Navy in achieving shared security objectives. The most recent edition, Bongo Sagar-23, occurred from November 7 - 9, 2023, in the Northern Bay of Bengal, featuring joint patrolling, tactical drills, and humanitarian assistance operations, including a Search and Rescue Exercise (Bongosagar Exercise, 2024).

Bangladesh conducted joint military exercises with China for the first time in 2024, codenamed The China-Bangladesh Golden Friendship 2024 (PTI, 2024). This initiative highlights the strengthening defence ties between the two countries, focusing on collaboration in peacekeeping and counter-terrorism operations. Chinese Defence Ministry Spokesperson Senior Colonel Wu Qian has noted that these drills emphasize scenarios relevant to global security, including hostage rescue and the eradication of terrorist camps (Wei, 2024).

The U.S. and Bangladesh regularly engage in joint military exercises to strengthen their cooperation in defence and improve regional security. One of these exercises, the Tiger Shark 40, recently took place at BNS Nirvik in Chattogram, focusing on enhancing the strategic capabilities of both states and promoting the exchange of technical knowledge and procedures (Gaur, 2023). Another significant exercise is the Cooperation Afloat Readiness and Training (CARAT), a series initiated by the U.S. 30 years ago. Bangladesh joined CARAT in 2010, and this year, CARAT Bangladesh began on April 22, 2024 (“Bangladesh, U.S. Navies”, 2024). Through these joint efforts, the U.S. and Bangladesh aim to build a stronger, more resilient security alliance and ensure greater operational readiness in the region.

- Defence Equipment and Procurement

Bangladesh’s *procurement of military weapons* from each of these countries has ensured a diversified defence supply network. Research from the consultancy Strategic Defence Intelligence (SDI) indicates that Bangladesh’s defence industry remains relatively undeveloped, with only a small number of domestic suppliers (International Trade Administration, 2022). Consequently, the majority of Bangladesh’s defence and security requirements are fulfilled by awarding government contracts to foreign providers through tender processes. Although Bangladesh imports weapons from all three countries, China remains its primary supplier. Bangladesh is the second largest destination for Chinese weapons (Rejwan, 2024). The recent political transition in Bangladesh has brought about a renewed focus on the diversification of arms imports as a defence priority (Rejwan, 2024), indicating an increase in weapons imports from other suppliers.

(b) Inclusive Diversification for Fallback Options

- Diplomatic Relations

While maintaining diversified relations with the major powers through multiple domains, Bangladesh places significant value on its relations with the other parts of the world.

Bangladesh has maintained over 50 years of *diplomatic relations* with the European Union (EU), marked by a diverse partnership that includes economic, political, and developmental spheres. The EU has been broadly supportive of Bangladesh’s reform agenda, particularly encouraging adherence to human rights and good governance. EU development assistance focuses on key areas such as economic growth, governance, and environmental sustainability, with up to €690 million committed through the Multiannual Indicative Programme for Bangladesh between 2014-2020 (“The European Union and Bangladesh”, n.d.).

Furthermore, Bangladesh is the largest beneficiary of the EU's Everything But Arms (EBA) scheme which provides duty-free, quota-free access to the EU market for all products, excluding arms and ammunition, from Least Developed Countries (LDCs) (European Commission, n.d.). Under the EBA framework Bangladesh enjoys considerable trade advantages, which has significantly boosted its exports to the EU, particularly in the ready-made garment sector. Following the tragic Rana Plaza factory collapse in 2013, the EU initiated the "Sustainability Compact" in collaboration with Bangladesh, the U.S., Canada, and the International Labour Organization (ILO).

Bangladesh is also actively advancing its multifaceted partnership with Japan, marked by a recent loan agreement with the Japan International Cooperation Agency (JICA) to provide up to 76,635 million yen for the expansion of Hazrat Shahjalal International Airport ('Signing of Japanese ODA Loan Agreement,' 2023). This project aims to enhance air transportation capacity and safety. Additionally, Japan's Ambassador to Bangladesh announced that the country was among four selected to receive defence aid under the Official Security Assistance program ("Japan Deepens Defence", 2023). Additionally, Bangladesh enjoys strong ties with Russia and France. For instance, in 2011, Bangladesh reached an agreement with Russia to construct two nuclear reactors, proceeding despite significant opposition from Western countries (Manatunga, 2023).

Bangladesh has also enhanced its foreign relations by embracing its Islamic identity, which has helped strengthened ties with Islamic nations. This is evident in its support for Palestinian statehood and condemnation of Israeli policies (Ministry of Foreign Affairs, 2023). Simultaneously, through its 'Look Africa' policy, Bangladesh is focusing on trade and investment opportunities in Africa, aiming to collaborate in diverse sectors including pharmaceuticals, textiles, and ICT. This strategic engagement is crucial for achieving its Vision 2041 goals and fostering economic cooperation, enabling Bangladeshi enterprises to expand their export markets.

- High-Level Visits

Bangladesh has hosted *high-level visits* from China, India, and the U.S., reflecting its strategic importance and strong diplomatic ties with each of these powers. Notably, Chinese President Xi Jinping's visit to Dhaka in 2016 marked the first by a Chinese President in three decades, highlighting strengthened China-Bangladesh cooperation (ICWA, 2016). Similarly, high-profile Indian visits, including Prime Minister Narendra Modi's landmark 2021 visit (MEA, n.d.), Indian External Affairs Minister Sushma Swaraj in 2017 (Pti, 2017), and Foreign Secretary Vijay Gokhale in 2018 ("Indian Foreign Secretary Visits", n.d.), have reinforced India's commitment to supporting Bangladesh's development. The U.S. has also engaged in high-level diplomatic exchanges, with a high-level delegation meeting Bangladesh's transitional government, marking the first U.S. visit to Bangladesh's interim administration and reinforcing U.S. support for inclusive economic growth (Press, 2024).

Beyond hosting dignitaries, Bangladesh's leadership has also actively engaged in reciprocal high-level visits. In June 2024, Prime Minister Sheikh Hasina visited India at the invitation of Prime Minister Narendra Modi, marking the first state visit since the formation of India's new

government (DD News, 2024). This visit aimed to strengthen bilateral ties, with Hasina meeting with key Indian leaders, including President Droupadi Murmu and External Affairs Minister S. Jaishankar. Later, in August 2024, she embarked on her first official trip to China in five years, where she pursued significant trade and loan agreements worth billions of dollars (Kanunjna, 2024). Additionally, Hasina has made official visits to Japan, Turkey, France, and Russia, further bolstering Bangladesh's economic, defence, and infrastructural partnerships. These interactions reflect Bangladesh's diplomatic strategy of fostering strong relations across a diverse array of states.

(c) Pursuing Contradictory Measures to Manage Risks

Following Pakistan, Bangladesh is the second-largest recipient of loans under China's 'Belt and Road Initiative' (BRI) in South Asia (Rahman, 2021). However, Bangladesh selectively accepts Chinese offers, having recently cancelled \$3.6 billion in proposed projects and rejected loans for the Sonadia port and a highway due to concerns over costs and environmental impact (Cssame, 2023). Bangladesh subsequently reduced dependence on Chinese loans by exploring public-private partnerships for future development and remains cautious about the growing trade imbalance with China. Datta notes that experts in Bangladesh have expressed willingness to accept money from China, however rejected interference in anything India regards as a threat to its national security.

Conversely, Bangladesh is part of the 'Global Gateway Initiative', widely regarded as the Western alternative to the 'Belt and Road Initiative' (BRI) (Aryasinha, 2023). At the 'Global Gateway' Forum, President of the European Commission Ursula von der Leyen and Prime Minister Hasina launched negotiations for a new Partnership and Cooperation Agreement to further strengthen EU-Bangladesh relations. During this event, the EU, the European Investment Bank (EIB), and Bangladesh signed agreements totalling €400 million for renewable energy projects, aimed at supporting a sustainable green transition in Bangladesh's power sector and achieving the country's climate mitigation targets. Furthermore, five additional cooperation actions worth €70 million were initiated to enhance education, promote decent work, foster green construction, support e-governance, and combat gender-based violence (European Commission, 2023). Moreover, Bangladesh is currently constructing a deep seaport in Matarbari, Cox's Bazar, with support from Japan, a key U.S. ally (Liff, 2024). It is plausible that Japan could facilitate a connection between the two nations, allowing the U.S. Navy to utilize the Matarbari deep-sea port as a naval operations base in the event of a conflict, potentially blocking Chinese shipments that bypass the Malacca Strait and use the China-Myanmar Economic Corridor (CMEC) as an alternative route. This strategic positioning would enhance U.S. leverage against China in the Bay of Bengal region which is not favourably viewed by China.

This illustrates how Bangladesh navigates its relationships by balancing its interests, simultaneously accommodating, and frustrating the strategic objectives of a particular major power within the same domain.

Despite having strong economic and military relations with the U.S., Bangladesh has not officially expressed support for the U.S. Indo-Pacific Strategy. Instead, in 2023, Bangladesh

introduced its own Indo-Pacific Outlook, which highlights a vision for a free, open, peaceful, secure, and inclusive Indo-Pacific region (Aryasinha, 2023). This approach demonstrates Bangladesh's skilful management of regional strategies of great powers: while it cooperates with the U.S. in various sectors, it also maintains its own framework, with a strong focus on inclusivity. This stance creates strategic ambiguity, as Bangladesh sends mixed signals regarding alignment. An article from the U.S. Naval Institute suggests that increased U.S. engagement is needed to encourage Bangladesh to make alignment choices that further U.S. interests in the Indo-Pacific (“Defence Cooperation and Operational”, 2024).

2.2 Nepal

Nepal is a mountainous South Asian nation, which while being landlocked has a strategic location in the Himalayas that gives it considerable geopolitical importance as a buffer state between India and China, two powers with historically complex relations and a point of interest for the U.S. Nepal’s foreign policy has been defined by the need to navigate these overlapping influences, balancing national autonomy with strategic alliances.

Similar to Bangladesh, Nepal is also a priority partner of India under its ‘Neighbourhood First’ Policy and it borders five Indian states (Embassy of India Kathmandu, Nepal, 2014). India views Nepal as a vital partner for both security and cultural reasons, given their shared history, open border policy, and close socio-cultural ties (N. I. Team, 2024). Being on the other side of the buffer state, China also regards Nepal as a key player in achieving its broader geopolitical interests (Gupta, 2023). In addition to acting as a gateway to South Asia and serving as a strategic buffer against India, Nepal's stability is vital to China, as it shares a border with Tibet, where China seeks to prevent any unrest or cross-border activism (Tsering, 2024). With China’s increasing influence in Nepal through investments and infrastructure projects compounded by its strategic location, the U.S. is becoming more concerned about Nepal’s geopolitical leanings (“Chinese Influence Has Grown in Nepal,” 2019). However, recent political shifts in Nepal add complexity to these concerns. In July 2024, Khadga Prasad Sharma Oli, leader of the Communist Party of Nepal, was named Prime Minister after forming a new alliance in the country’s turbulent Federal Parliament (AlJazeera, 2024). With the Nepali Communist Party dominating the Parliament and many members holding strong anti-capitalist views, the U.S. is increasingly concerned that Nepal’s policies may shift away from the West, complicating U.S. efforts to maintain its influence in the region.

Within this context, the following analysis will explore whether Nepal’s foreign policy behaviour aligns with Kuik’s three features of hedging framework, revealing how it navigates its relationships with India, China, and the U.S.

(a) Eschewing Rigid Alignments

- Granting of Military Base Access

In terms of military cooperation, Nepal has military ties with all three major powers focused in the study. However, it is not a member of any military alliance with the said powers (“Nepal Will Never Join Any Military Alliance,” 2024), nor has it granted *military base access* (World Population Review, 2023). However, Nepal actively engages in military exercises and joint

operations with India, China, and the U.S., reflecting its strategic approach to defence and security.

- Joint Military Exercises

Nepal actively engages in *joint military activities* with each of the three major powers, reflecting its intention to maintaining robust defence partnerships while enhancing its military capabilities across diverse domains. The annual *Surya Kiran* Exercise with India enhances interoperability in jungle warfare, counterterrorism, and humanitarian assistance, reinforcing Nepal-India defence cooperation (“Surya Kiran Exercise (XVII)”, 2022). Nepal's collaboration with China includes the Sagarmatha Friendship joint exercise, which develops disaster response capabilities and counter-terrorism skills within the Nepali Army (“Sagarmatha Friendship”, 2018). With the U.S., Nepal participates in exercises such as *Pacific Angel*, which focus on civil-military cooperation and disaster response, alongside specialized training exchanges like the recent joint operation between U.S. Navy SEALs and the Nepali Army Special Operations Force (“Nepali Army, U.S. Navy SEALS,” 2023). These joint exercises underscore Nepal’s balanced defence ties with all three major powers.

- Defence Equipment and Procurement

Nepal's *defence procurement* strategy reflects its balanced approach to international partnerships, engaging multiple major powers for its military needs. In 2022, Nepal imported \$28.2 million in military weapons, ranking it as the 13th largest importer of defence equipment globally, with military weapons becoming the country’s 84th most imported product (Military Weapons in Nepal, 2024). Nepal’s military imports show a clear preference for U.S. arms, with imports from the United States valued at \$8.53 million in 2022 (“Nepal Imports from United States”, 2024)—significantly higher than those from India or China. In 2023, arms import from India totalled \$804,270 (India Exports of arms, 2024), while imports from China were much lower, at only \$5,650 (“China Exports of arms”, 2024). This diverse procurement strategy enables Nepal to maintain a degree of strategic independence while benefiting from defence cooperation with each of these influential partners.

(b) Inclusive Diversification for Fallback Options.

- Diplomatic Relations

Nepal has a highly diversified range of foreign relations. Apart from the three major powers, Nepal actively engages with other regions worldwide, both bilaterally and multilaterally (Ministry of Foreign Affairs Nepal MOFA, n.d.).

Nepal’s foreign relations are broad, spanning trade, labour, security, and diplomatic cooperation across multiple regions. Bilaterally, Nepal has signed a variety of agreements with major economies including China, India and the U.S., and also with countries in the Middle East, East Asia, Europe, and Africa. These agreements cover a wide range of areas, including trade, employment, technical training, infrastructure development, and cultural exchange, showcasing Nepal’s commitment to building inclusive partnerships. Among these partnerships, Nepal’s relationship with Japan stands out as a long-term, mutually beneficial

collaboration particularly focused on infrastructure and development support. The Nagdhunga Tunnel, Nepal's first traffic road tunnel, is funded largely by Japan through highly concessional loans (“Ambassador Kikuta’s Contribution”, 2024). Meanwhile, the Sindhuli Road, a 160-kilometer highway connecting Kathmandu with the Terai plains near India, was constructed with Japan’s grant aid (Kamei, n.d.).

The EU and Nepal also share a longstanding partnership based on shared goals of sustainable development, climate resilience, and social progress (Nepal, n.d.). While celebrating 50 years of diplomatic relations, the EU has reinforced its commitment to Nepal’s growth through initiatives such as the ‘Global Gateway’ Energy Flagship Project, “Efficient Transmission of Electricity from Renewable Energy Sources in Nepal.” This project showcases the collaborative approach between Nepal, the EU, and European nations, with contributions such as Germany’s €14 million grant and a €25 million loan from the European Investment Bank (“Global Gateway: EU and Nepal”, 2024b). By supporting rural electrification and hydropower infrastructure, this partnership aims to provide clean, reliable energy to underserved Nepali communities, demonstrating the EU's dedication to fostering sustainable investments and aiding Nepal’s transition out of the Least Developed Country (LDC) category.

- High-Level Visits

Nepal’s high-level diplomatic engagements demonstrate its diversified foreign relations, with exchange of visits spanning all three major powers as well as other influential partners, strengthening ties in trade, security, and development cooperation. Similarly, Nepalese leaders actively reciprocate with visits to these countries, reflecting Nepal’s commitment to balanced and collaborative diplomacy. These exchanges highlight Nepal’s approach to fostering bilateral relations and advancing regional cooperation through regular, high-profile interactions across a broad spectrum of global partners.

For instance, in recent months, Nepal engaged in a series of high-level diplomatic exchanges with India, China, and the U.S.. India's Foreign Secretary, Shri Vikram Misri, visited Nepal in August 2024 (“Visit of Foreign Secretary”, 2024), followed by Nepal's Foreign Minister, Dr. Arzu Rana Deuba, making her first official trip to India later that month (“Visit of Minister for Foreign Affairs”, 2024). Nepal also hosted a delegation from India's National Defence College in September 2024 (“Embassy of India Kathmandu”, 2024), underscoring defence cooperation.

Nepal-China relations were highlighted by Former Prime Minister Pushpa Kamal Dahal's visit to China in September 2023 (“Xi Jinping Meets with Prime Minister”, 2023), following his earlier visit to India. This was followed by a June 2024 visit from a Chinese delegation led by Ye Hanbing, Vice-Governor of Sichuan Province. Immediately after Hanbing’s visit, a delegation under Chinese Vice Foreign Minister Sun Weidong arrived in Nepal in the same month (“A Surge in High-level Visits”, 2024).

Meanwhile, Nepal-U.S. ties were bolstered by the August 2024 visit of U.S. Deputy Secretary of State Richard Verma aiming to discuss bilateral cooperation (Pti, 2024). Similarly, a Congressional Delegation's visit in 2023, focused on climate change. Furthermore, the U.S. Chamber of Commerce conducted its first official mission to Nepal, exploring investment opportunities with Prime Minister Dahal (U. C. Staff, 2024).

These exchanges reflect Nepal's balanced diplomacy and engagement with its neighbours and global partners.

(c) Pursuing Contradictory Measures to Manage Risks

Despite Nepal being a signatory to China's 'Belt and Road Initiative' (BRI), no projects have materialized under this framework as of 2023 ("Nepal's BRI-Shaped Dilemma", n.d.). While discussions on potential projects were underway as of November 2024, several initiatives, such as the Rasuwagadhi-Kathmandu Highway upgrade, Kimanthake-Hilsa road construction, and the road from Dipayal to China, have seen no progress. Additionally, other BRI projects, including the Tokha-Bidur Road, Galchhi-Rasuwagadhi-Kerung 400kV transmission line, Kerung-Kathmandu rail, Tamor Hydroelectricity Plan, and the Madan Bhandari University for Science and Technology, remain in various stages of planning with limited advancements (Shekhawat, 2024). Simultaneously, Nepal collaborates with India to improve connectivity, as observed in India's construction of the Raxaul-Kathmandu railway line (Jha, 2024). Moreover, Nepal is also part of the European Union's 'Global Gateway program' ("Global Gateway", 2024). Additionally, Nepal ratified the 'Millennium Challenge Corporation (MCC)' compact, despite speculation that it serves as a U.S. tool to counter China's influence. However, Nepal remains a part of both the MCC and BRI, demonstrating its ability to engage with multiple powers while pursuing its national development goals.

While the Millennium Challenge Corporation (MCC) and the Indo-Pacific Strategy are separate initiatives, both reflect the broader U.S. efforts to promote economic development and strategic cooperation in the Indo-Pacific region ("Indo-Pacific Strategy and Nepal", 2024). Although Nepal is a participant in the MCC, it has not endorsed the U.S. Indo-Pacific Strategy (Pandey, 2023). This is yet another example of Nepal's cautious approach, where it adopts seemingly contradictory policies; pleasing and displeasing the same major power in different domains, in this case by accepting economic aid while avoiding alignment with broader strategic objectives.

By simultaneously working with India, China, and the U.S., Nepal navigates conflicting interests, adopting policies that can both please and frustrate these major powers, particularly in the same sectors as connectivity and infrastructure development.

2.3 Sri Lanka

Sri Lanka, situated at the crossroads of major maritime routes in the Indian Ocean, holds significant strategic importance in South Asia. Its proximity to vital sea lanes that connect the East and West makes it a crucial player in the geopolitical dynamics of the region. For India, Sri Lanka is not only a close neighbour but also a key partner in ensuring security in the Indian Ocean. The two countries share deep historical, cultural, and economic ties, with India viewing Sri Lanka's stability as essential for regional security, particularly in light of concerns over external influences in the region. China, too, recognizes Sri Lanka's strategic importance as a key partner in expanding its influence in the Indian Ocean region. Sri Lanka's ports and proximity to crucial shipping lanes make it valuable for China's broader ambitions to enhance its maritime presence and secure trade routes (Codings, n.d.). Projects like the long-term lease

of Hambantota Port under China's Belt and Road Initiative (BRI) have further cemented Sri Lanka's importance to Beijing, though this has fuelled claims of "debt-trap diplomacy." However, experts highlight that the debt crisis primarily resulted from domestic financial mismanagement (Jones & Hameiri, 2020). China's economic and infrastructure investments remain central to its strategy in the region. Additionally, Sri Lanka has played a pivotal role in China's maritime strategy, with Chinese research vessels such as Shi Yan 6 (2023) and Yuan Wang 5 (2022) docking at its ports. These visits highlight Sri Lanka's strategic value to China but have raised regional concerns, particularly from India, over potential surveillance activities (Francis, 2024). Meanwhile, the United States recognizes Sri Lanka's strategic importance in its efforts to maintain a free and open Indo-Pacific. U.S. engagement with Sri Lanka has focused on promoting democratic governance, economic development, and military cooperation to counterbalance growing Chinese influence and ensure regional stability (Senaratne, 2015). Additionally, Sri Lanka's economy is recovering from an economic crisis (Asian Development Bank, 2024), and its external services sector appears to face challenges, which may limit its international engagement. Sri Lanka has faced a series of major crises in recent years: The Easter Sunday attacks, the COVID-19 pandemic, the Aragalaya and the economic collapse (Salikuddin, 2022). The external pressures coupled with domestic crises place Sri Lanka at the centre of a delicate balancing act. To assess this, Kuik's three features of hedging will be applied to Sri Lanka's foreign policy behaviour to determine whether its actions align with a hedging strategy.

(a) Eschewing Rigid Alignments

- Granting of Military Base Access

Sri Lanka is not part of any rigid, formal military alliance with India, China, or the U.S., nor has it granted military base access to any of these powers. However, the U.S. government has made several proposals to sign the Status of Forces Agreement (SOFA), which the Sri Lankan government has not yet agreed to (Ramanayake, 2019). While Sri Lanka has signed an Acquisition and Cross-Services Agreement (ACSA), which facilitates logistical exchanges and support between the two countries' militaries, broader stationing rights (such as setting up permanent bases) would generally require additional agreements like a SOFA or a Visiting Forces Agreement (VFA) (Gamage, 2021). Sri Lanka is also part of the Colombo Security Conclave (CSC), a security-focused group that includes India, Maldives, and Mauritius as members, with Bangladesh and the Seychelles as observers (Solanki, 2023). Additionally, there is growing speculation regarding China's interest in establishing a naval base at Hambantota Port. A study conducted by "AidData" identified eight potential ports where China might set up a naval base, with Hambantota emerging as the top choice within the next two to five years (AidData, 2023). This speculation is fuelled by the fact that the Hambantota Port represents a significant investment of \$2.9 billion from China and is currently under a 99-year lease agreement with China Merchant Port Holdings. However, Sri Lanka asserts that it has not lost its sovereignty over the Hambantota Port. Despite these speculations, Sri Lanka maintains military relations with all three powers, actively engaging in defence cooperation and training programs.

- Joint Military Exercises

Sri Lanka participates in the annual "Mitra Shakti" exercise with India, alternating between the two countries. Initiated in 2013, this Combined Training Exercise is jointly conducted by the Sri Lanka Army and the Indian Army with the aim of enhancing counterinsurgency and interoperability capabilities in semi-urban and urban environments. The most recent iteration — the 10th edition — was held at the Army Training School in Maduru Oya, Sri Lanka, from 12th to 25th August 2024. These regular engagements continue to solidify defense ties between the two nations (Press Information Bureau, 2024).

On the other hand, Sri Lanka's military engagement with China includes the "Silk Route" exercise conducted in 2015, involving commandos and special forces soldiers from Sri Lanka (Sri Lanka Army – Defender of the Nation, n.d.). This was the second-ever joint military exercise between the two countries. Although it has not become a recurring event, the exercise reflects ongoing defense cooperation and strategic engagement between Sri Lanka and China.

Additionally, the country collaborates with the United States through joint military exercises such as "Atlas Angel," (commenced on August 5, 2024) at SLAF Base Katunayake and SLAF Academy China Bay (U.S. Embassy in Sri Lanka, 2024) This comprehensive five-day training, led by the Montana National Guard, involves cooperation with the U.S. Pacific Air Forces and participation from the Maldives National Defence Forces and civilian experts from Sri Lanka's Disaster Management Centre. The Sri Lankan Navy and Air Force conducted the "Cooperation Afloat Readiness and Training" (CARAT)/Marine Exercise (MAREX) Sri Lanka 2023 with the U.S. Navy and the Marine Corps from January 19-26, 2023, promoting regional security cooperation and enhancing maritime interoperability (U.S. Embassy in Sri Lanka, 2023)

- Defence Equipment and Procurement

Sri Lanka *imports arms* from all three major powers, with China serving as the country's largest arms supplier, accounting for US\$3.2 billion in military imports ("Sri Lanka Imports from China", 2024). Following China, the United States is the second-largest supplier, providing US\$226,910.00 in arms and related equipment ("United States Exports of Arms", 2024). India ranks third out of the three major powers, with Sri Lanka importing US\$24,920.00 worth of arms and ammunition from India ("India Exports of Arms", 2024).

(b) Inclusive Diversification for Fallback Options

- Diplomatic Relations

Sri Lanka maintains an inclusive and diversified network of international relations, extending beyond its engagements with major powers. Japan and Sri Lanka have maintained robust relations, especially in economic assistance and infrastructure development. As Sri Lanka's second-largest creditor, Japan led debt restructuring efforts alongside India and France (Shankar, 2024). Although some Japanese-funded projects were halted ("Japan Halts 12 JICA", 2022), Japan resumed key initiatives during President Ranil Wickremesinghe's tenure (Nair, 2021). Following President Anura Kumara Disanayake's election in (September) 2024, Japan further pledged to restart all 11 previously suspended projects, including the

Bandaranaike International Airport expansion and the Kandy City Water Management Project (DM Editorial, 2024).

Sri Lanka and the European Union share a dynamic partnership focused on sustainable development and economic resilience. Aligned with its Indo-Pacific Strategy and the Sustainable Development Goals (SDGs), the EU has earmarked €60 million in grants for Sri Lanka from 2021-2024 under its Multiannual Indicative Programme, prioritizing 'Green Recovery' and fostering an 'Inclusive and Peaceful Society.' This program is implemented through a Team Europe approach, in collaboration with EU Member States such as Germany, France, and the Netherlands. Furthermore, Ambassador Grace Asirwatham has proposed extending the EU's 'Global Gateway Strategy,' initiated during the French Presidency in 2021, to Sri Lanka, aiming to enhance digital technology, energy, and environmental initiatives (Walpola, 2023). Additionally, Sri Lanka is also a recipient of GSP plus (Sri Lanka Department of Commerce, 2021).

Sri Lanka and Russia maintain a relationship shaped by mutual support on international platforms and shared economic interests. Notably, Sri Lanka abstained from UN resolutions condemning Russia's annexation of Ukrainian regions, aligning itself with other countries that refrained from taking a stance on the issue ("As the world condemns", 2022). Similarly, Russia has supported Sri Lanka in international forums, particularly at UN Human Rights Council sessions, by opposing resolutions to investigate alleged war crimes in Sri Lanka. Additionally, Sri Lanka has strengthened its ties with Russia amidst economic challenges, particularly in the energy sector, while also participating in the BRICS Plus Outreach Dialogue in 2024, where Foreign Secretary Aruni Wijewardane expressed Sri Lanka's interest in deeper engagement with BRICS and the New Development Bank (Adminos, 2024). This growing partnership underscores Sri Lanka's pragmatic approach to securing support in a shifting global landscape.

Sri Lanka also has been simultaneously engaging with countries that see each other as rivals as well, for example Sri Lanka has maintained cordial relations with Israel as well as Palestine. During the civil war Sri Lanka received training as well as procured weapons from Israel, and on the other hand Sri Lanka has provided foreign aid to Palestine as well. As a testament to the relations between Palestine and Sri Lanka, there is a road named after the then President Mahinda Rajapaksa in Ramallah. He also received the highest honour a non-Palestinian can receive - The Star of Palestine award ("President Rajapaksa Conferred", 2014). This tension was reiterated during the recent escalations between the two nations, where Sri Lanka condemned the attack and called for the end of civilian casualties occurring due to the Israel-Palestine conflict emphasizing the wellbeing of both Israel and Palestine (EconomyNext, 2023).

- High-Level Visits

High-level visits between Sri Lanka and the three major powers India, China and the U.S. showcase the inclusive diversification of how Sri Lanka conducts its Foreign Relations.

In the case of China, some recent developments include President Ranil Wickremesinghe's engagement with President Xi Jinping during the Belt and Road Forum on 20th October 2023 (“Xi Jinping meets with Sri Lankan”, 2023). Additionally, the 13th Round of Diplomatic Consultations, led by Sri Lanka's Foreign Secretary Aruni Wijewardane and China's Vice Minister Sun Weidong took place on 17th June 2024 (Ministry of Foreign Affairs, Sri Lanka, 2024). Continuing this diplomatic momentum, President Anura Kumara Dissanayake embarked on a four-day state visit to China in 2025 on the invitation of President Xi Jinping (News.lk, 2025). Reciprocally, following Foreign Minister Wang Yi's visit in January 2022, Sri Lanka continued to receive high-level delegations from China, reflecting sustained diplomatic engagement between the two countries. In January 2023, Chen Zhou, Vice Minister of the International Department of the Communist Party of China (CPC), visited Sri Lanka (High Level Chinese Delegation, 2023). This was followed by a visit from the Minister of the National Ethnic Affairs Commission in February 2025, further underscoring China's continued interest in strengthening bilateral relations (China's Ethnic Affairs Minister, 2025). Recently, China's Commerce Minister Wang Wentao visited Sri Lanka in May 2025 with a business delegation representing 77 companies (EconomyNext, 2025). These interactions reflect a deep commitment to a strategic partnership based on mutual assistance.

Similarly, high-level visits between Sri Lanka and India emphasize the importance of their partnership. Following his re-election in 2019, Prime Minister Narendra Modi visited Sri Lanka to reinforce diplomatic ties (Welle, 2019). His continued engagement was further demonstrated in April 2025, when he made his fourth official visit to the island nation, making him the only Indian prime minister, and the only foreign leader, to visit Sri Lanka four times in a decade (Indian PM Narendra Modi Arrives in Sri Lanka, 2025). Complementing these efforts, India's External Affairs Minister Dr. S. Jaishankar chose Sri Lanka for his first foreign visit after his reappointment, arriving on June 20, 2024. Notably, he became the first foreign dignitary to meet with newly elected President Dissanayake, signaling India's prioritization of its relationship with Sri Lanka (“Visit of External Affairs”, 2024). On Sri Lanka's part, A Parliamentary delegation led by Speaker Hon. Mahinda Yapa Abeywardena visited India from December 16-20, 2023, notably the first foreign parliamentary delegation to visit the new Parliament building (High Commission of India, 2023). On June 9, 2024 President Ranil Wickremesinghe attended Prime Minister Modi's swearing-in ceremony in New Delhi (News Detail, 2024), further underscoring the strong diplomatic ties between the two nations. Most recently the President of Sri Lanka, Anura Kumara Dissanayake, embarked on his inaugural overseas visit to India in September 2024 at the invitation of the Indian Prime Minister (Ministry of Foreign Affairs, Foreign Employment & Tourism, 2024).

When it comes to the high-level visits between the United States and Sri Lanka, On Sri Lanka's part, following the shift in government, President Maithripala Sirisena visited the USA in 2015 and met with U.S. Secretary of State John Kerry. While this was primarily for the UN General Assembly, he also held bilateral meetings with high-level US officials (Ministry of Foreign Affairs Sri Lanka, 2015). At the same year, U.S. Secretary of State John Kerry visited Sri Lanka (The Guardian, 2015). In a more recent development, a high-level delegation from Sri Lanka's newly established Data Protection Authority (DPA) visited the United States from¹

June 24-27, 2024, for vital consultations on personal data protection (Department of Project Management and Monitoring, Sri Lanka, 2024). Additionally, high-level visits from the United States to Sri Lanka, included visits by Under Secretary of state for Public Diplomacy Liz Allen on 17th February 2024 (“U.S. Under Secretary Liz Allen”, 2024) and Deputy Secretary Richard Verma, focused on economic recovery and regional stability (News First, 2024). Notably, Admiral Steve Koehler, Commander of the U.S. Pacific Fleet, visited Sri Lanka on October 10, 2024, marking the highest-level U.S. military engagement since 2021 (“U.S. Admiral to visit Sri Lanka”, 2024). These visits showcase the deepening ties between Sri Lanka and its international partners. These visits reflect a deepening relationship centred on collaboration and showcase the U.S. commitment to supporting Sri Lanka’s new government under the National People’s Power (NPP), as well as the country’s development and regional stability.

(c) Pursuing Contradictory Measures to Manage Risks

Sri Lanka has sought to manage multiple global powers in the same strategic domain by accommodating their interests. Particularly in the Colombo port, China, and India, have major stakes in key port infrastructure. China operates the Colombo International Container Terminals (CICT), which is a significant part of its ‘Belt and Road Initiative’ (BRI) (Abeyagoonasekera, 2023). Meanwhile, India holds a significant stake in the Colombo West Container Terminal (CWCT) (Security Risks Monitor, 2022), ensuring that its strategic interests are also maintained within the same port.

Furthermore, following his assumption of office, President Anura Kumara Dissanayake made his first official visit to India, during which both countries agreed to develop Trincomalee as a regional energy and industrial hub (High Commission of India, Colombo, 2025). Soon after, he visited China and signed an agreement with Sinopec to establish an oil refinery in Hambantota. Building on this momentum, the Sri Lankan government also announced plans to set up a similar refinery in Trincomalee with Indian support (Bandara, 2025). These developments showcase Colombo’s continued effort to accommodate the strategic and economic interests of both India and China within the same zones, preserving a degree of equilibrium in its foreign engagements.

These moves highlights how Sri Lanka navigates seemingly contradictory policies by balancing the interests of both India and China in the same strategic domain. Additionally, similar to Bangladesh and Nepal, Sri Lanka also actively participates in the ‘Global Gateway programme’ led by the EU.

While the country rejected the Millennium Challenge Corporation (MCC) grant, it has nonetheless allowed New Fortress Energy, a New York-based company, to take a significant stake in Sri Lanka’s energy sector (“New Fortress Energy Finalizes Contract”, 2021). In 2021, New Fortress secured rights to invest in West Coast Power Limited, which owns the 310 MW Yugadnavi Power Plant in Colombo and has been granted the rights to develop a new LNG terminal off the coast of Colombo (Pekic, 2021). However, this was later abandoned. Further Sri-Lanka continues to collaborate with the U.S. through USAID initiatives (“Sri Lanka | U.S. Agency for”, n.d.). This demonstrates how Sri Lanka seeks to maintain ties with the U.S. by

cooperating in development aid, while making decisions that may not align with U.S. geo-economic and geo-strategic interests.

Although Sri Lanka has not officially endorsed the U.S. Indo-Pacific strategy, it participates in USAID programs, whose activities align with the U.S. government's vision of a Free and Open Indo-Pacific (FOIP) (“Sri Lanka | U.S. Agency”, 2022). This creates a sense of ambiguity regarding Sri Lanka’s stance among major powers, as Sri Lanka appears to engage with U.S. initiatives while not fully committing to its strategic policies.

3.0 Analysis

The review presented in the previous section thus confirms that the selected states display efforts to maintain strategic independence through avoiding rigid alignments with dominant powers. While Bangladesh and Nepal show an almost identical pattern in their military engagements, Sri Lanka is distinctive in that its ports (especially Hambantota) remain a focal point for power interests, adding unique pressures to its hedging stance. Although there are no military pacts with China, the Hambantota Port, funded and leased by state-controlled China Merchants Port Holdings under a 99-year agreement (Stacey, 2017), highlights China’s significant influence in Sri Lanka, to which the U.S. and India have raised concerns (Frayser, 2019).

Bangladesh, Nepal, and Sri Lanka all cultivate strong fallback positions through diversified diplomatic and economic partnerships, as reflected in their standings on the Global Diplomacy Index. Bangladesh, ranked 46th, leverages both Western and Eastern partnerships, balancing ties with powers like the U.S., EU, China, and Japan to support its growth and sustainability goals. Nepal, ranked 61st, also maintains a highly diversified network, including strong ties with both Eastern and Western nations, such as Japan and the EU, showcasing its commitment to a non-aligned approach in development. Sri Lanka ranked 49th in the Global Diplomacy Index (Lowy Institute Global Diplomacy Index 2024, n.d.), further strengthens its fallback position by engaging with a broad array of partners, including India, China, Japan, and the EU, which helps balance influences and reduce dependency on any single power. Together, these rankings and partnerships illustrate each country’s dedication to sustaining autonomy through carefully managed international ties.

However, Bangladesh, Nepal, and Sri Lanka each display certain differences in strategy and measures in various domains of engagement including security and infrastructure, claiming at offsetting reliance on any single power. While autonomy remains a common goal, Bangladesh and Nepal demonstrate more cautious, calculated engagement, Sri Lanka’s complex balancing act sets it apart, as it often navigates geopolitical tensions with a more impulsive approach (East Asia Forum, 2021).

All three countries demonstrate significant strategic flexibility, though the methods and extents vary. The effectiveness of this strategic flexibility, however, is heavily influenced by each country’s domestic capabilities which shape their bargaining power with major powers. Bangladesh, despite the recent political volatility, holds substantial leverage due to its strong \$437 billion GDP (Trading economics, n.d.) and robust military, ranked 37th globally

(Bangladesh military strength, n.d.). Its high diplomacy ranking (46th) further enhances its negotiating position, offering a broad range of diplomatic options. However, despite these assets, the current instability may weaken its immediate bargaining power. Sri Lanka, recovering from two years of mandate-less governance and multiple crises, including economic collapse and political unrest: faces more limited leverage. With a smaller GDP of \$84.36 billion (Trading economics, n.d.-b) and a less capable military (ranked 75th) (Sri Lanka military strength, n.d.), Sri Lanka's ability to negotiate is constrained. Its low political stability (141st) further weakens its position, though its gradual economic stabilization may eventually improve its standing. Nepal, with the smallest GDP at \$40.91 billion (Trading economics, n.d.-b), benefits from relative domestic stability, having avoided the volatile scenarios faced by its neighbours. Its landlocked status also spares it from maritime pressures, but it ranks lower on both military strength (128th) and global diplomacy (61st). Although Nepal (114th) outperforms Bangladesh (161st) and Sri Lanka (141st) in corruption index and political stability scores (Political Stability by Country, n.d.), its limited economic and military capacities reduce its bargaining power. Ultimately, Bangladesh's economic strength and military power give it the highest bargaining leverage, while Sri Lanka's weakened state and Nepal's smaller scale limit their influence in dealings with major powers.

Additionally, external pressures too, cause differences in the hedging behaviours of each country. The external pressures exerted by India, China, and the U.S. shape the hedging behaviours of Sri Lanka, Bangladesh, and Nepal, prompting each country to adopt strategies that balance competing influences while maintaining strategic autonomy. For Sri Lanka, its strategic maritime position in the Indian Ocean makes it a focal point for Indian, Chinese, and U.S. interests, compelling it to carefully manage economic and strategic partnerships with these powers without firmly aligning with any. Bangladesh, similarly, diversifies its defence and economic ties to avoid dependency, balancing close ties with India while welcoming Chinese investment and U.S. defence and economic cooperation such as the MCC benefits. Unlike Sri Lanka and Bangladesh, however, Nepal, as a landlocked buffer state between India and China, focuses on navigating its position as a continental bridge between the two regional giants. The additional U.S. interest in Nepal under the Indo-Pacific strategy encourages it to engage with all three powers through economic initiatives and military cooperation, without exclusive commitments. In response to these overlapping pressures, each state has developed a tailored hedging approach that leverages partnerships with multiple powers, enabling them to navigate regional complexities while preserving their sovereignty and flexibility.

The three states have benefited from their hedging behaviour, receiving infrastructure support, grants, aid, loans, and backing in international forums. It is recommended that they effectively manage the loans and grants they receive to enhance their capacities—whether economically, militarily, or in infrastructure development. When accepting financial assistance, it is crucial to evaluate which options will yield the greatest benefits. Additionally, to establish domestic stability, each country should focus on eradicating corruption, standardizing the foreign service sector, and continuing the diversification of their diplomatic engagements. These steps will help ensure that external support translates into meaningful and sustainable growth.

However, the critical question remains: are these states truly benefiting from their hedging strategies? To assess this, it is necessary to balance the benefits against the costs, including potential losses in autonomy or other forms of compromise. By weighing the tangible gains from hedging against these costs, a clearer evaluation of the overall impact can be achieved. This presents a compelling area for further research.

4.0 Conclusion

This policy brief assessed the foreign policy of three selected South Asian states: Bangladesh, Nepal, and Sri Lanka, in order to identify hedging behaviour in their international engagements.

Bangladesh, Nepal, and Sri Lanka exhibit unique hedging behaviours shaped by their strategic priorities, domestic capacities, and external pressures. While all three nations seek to maintain autonomy in their foreign relations, their approaches to hedging differ based on geopolitical positioning, economic strength, and political stability. Bangladesh's robust economy and military provide significant bargaining power, allowing it to balance between major powers despite recent political volatility. Nepal, with a relatively stable domestic situation but weaker economic and military capacities, leverages its strategic location effectively, though with more limited influence. Sri Lanka faces significant challenges due to the economic crisis. Nevertheless, it remains a key player in regional geopolitics, leveraging its strategic location and ability to attract investment from both India and China.

All three countries fit within Kuik's framework of hedging, which consists of three key features; eschewing rigid alignments, pursuing contradictory measures to manage risks, inclusive diversification for fallback options. However, analysing their behaviours in the international arena reveals notable differences in how each state approaches hedging. These differences stem from several factors. First, the countries occupy distinct geostrategic locations, facing varied challenges and sources of pressure. Their economic capacities also differ, influencing their bargaining power on the global stage. Additionally, each state's domestic political situation shapes the space it has for hedging, affecting both the strategies they can pursue and those they are compelled to adopt. These combined influences contribute to the unique hedging behaviours observed in this study.

Going forward, it is crucial to develop a pragmatic approach to hedging that considers the balance between costs and benefits, particularly in terms of autonomy. Policymakers must strive to determine how much autonomy can be ceded without compromising national sovereignty, while still reaping the benefits of strategic partnerships. Crafting such a balanced strategy could enable these nations to navigate complex international dynamics more effectively, ensuring both resilience and adaptability in their foreign policy.

Finally, the findings also reveal that non-alignment has often been used interchangeably as both a foreign policy posture and a reflection of membership in the Non-Aligned Movement (NAM). As a foreign policy posture, non-alignment is characterized by refraining from binding military alliances and maintaining friendly relations with all states. These principles align with the first two features of hedging: namely, the avoidance of rigid alignments and the pursuit of

inclusive diversification. In this sense, non-alignment can be seen as a component within a broader hedging strategy, while hedging additionally incorporates the element of strategic ambiguity and flexibility through the adoption of contradictory measures.

Future studies could incorporate primary data sources, such as interviews with policymakers or access to declassified documents, to provide a deeper and potentially more comprehensive understanding of hedging motivations and execution. They could also strengthen the applied framework by attempting to quantify it and assess the extent to which each state engages in hedging.

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